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15 JUNE 1990



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# ***JPRS Report***

## **East Asia**

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***Southeast Asia***

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# East Asia Southeast Asia

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### **Election Commission Issues Directives Regarding Absentee Ballots**

42000066B Rangoon *THE WORKING PEOPLE'S DAILY* in English 3 Apr 90 pp 1, 6

[Text] Yangon, 2 April—The Election Commission is reported to have sent directives to the Election Sub-commissions concerned regarding the matter of voters who will be away from the respective constituencies at the time of the elections.

According to the directives it mentions that in about two months time the election will be held that is on 27 May 1990 and sufficient period of time is required to distribute ballot papers to the voters who will be away from their respective constituencies when election is held so that they will be able to send back the ballot papers in time. It adds that in accordance with Sections 38 and 39 of Pyithu Hluttaw Election Law, as Township group Election Sub-commission concerned have announced the list of candidates, they are to begin sending advance ballot papers to the armed forces personnel and eligible voters who are on the electoral roll and who will be abroad or away from the constituency on the day of election. In doing so, it says, the Election Sub-commission concerned are to furnish with the candidature list of the constituency concerned, political parties represented by those candidates or if the candidates are independent or not, enclosed in envelopes in equal number of voters mentioning the constituency concerned, the ward or village-tract and the polling booth number.—MNA

### **Paper Reports on Garment Exports**

42000066A Rangoon *THE WORKING PEOPLE'S DAILY* in English 4 Apr 90 pp 12, 7

[Text] Yangon, 3 April—The new No 5 Garment Factory, a joint venture of Myanma Textile Industries and Daewoo Corporation of ROK, will produce 100,000 dozen T shirts annually which will earn one million U.S. dollars per annum.

The ceremony for opening the new Garment Factory No 5 was held at the Factory in the Tanyin Industrial Complex at 10 am today.

Among those present those were Minister for Industry I and for Industry 2 Lt-Gen Sein Aung, the Directors-General and the Managing Directors from the Departments and Enterprises and Industries under the Ministry of Industry I and technical experts from the Daewoo Corporation.

Factory Manager U Than Tun formally cut the ribbon to open the new Garment Factory. Then, those attending went round the Factory.

The Myanma Textile Industries under the Ministry of Industry I and the Daewoo Corporation of the Republic of Korea on 27 July 1989 signed an agreement for the

setting up of the No 5 Garment Factory. The construction of the factory took eight months.

The total investment of the factory is K 50.42 million. The establishment of the joint venture created job opportunities for the Myanmar people. Altogether 10 Myanmar services personnel have been sent abroad to study textile industry.

Minister Lt-Gen Sein Aung then went on an inspection tour of the Packing Materials Factory.

### **Construction, Cooperatives Minister Urges Regional Development**

42000069B Rangoon *THE WORKING PEOPLE'S DAILY* in English 27 Apr 90 pp 12, 5

[Excerpts] Yangon, 26 April—"Government servants serving with the departments in Tanintharyi Division are responsible to make all-out efforts for the development of the region in which they are working. They are to join hands with the local populace in bringing about regional development. The government on its part will provide all help."

These were the words of advice given to the government servants by State Law and Order Restoration Council [SLORC] Member Minister for Construction and for Cooperatives, Lt-Gen Aung Ye Kyaw during his inspection tour of Tanintharyi Division.

SLORC Members Minister Lt-Gen Aung Ye Kyaw and Secretary (2) Maj-Gen Tin Oo, accompanied by Chief Justice U Aung Toe, Attorney-General U Tha Tun, Chief of Staff (Navy) Commodore Than Nyunt, Vice Quartermaster-General Brig-Gen Kyaw Tint, Chairman of the Yangon Division Committee for Bringing Down Commodity Prices Brig-Gen Maung Maung (Air), Director of Military Engineers Brig-Gen Thauang Myint, officials from the SLORC office and the directors-general, the managing directors and directors from the government departments and enterprises, left Yangon for Dawei on 23 April morning.

The Minister and the Secretary (2) and party were welcomed on arrival at the Dawei Airport by local authorities and services personnel headed by South-East Command Deputy Commander Col Tin Aye and Tanintharyi Division LORC [Law and Order Restoration Council] Chairman Col Tha Win.

The Minister and the Secretary (2) proceeded to Yaybyu in the company of the Deputy Commander and the Divisional LORC chairman.

The Minister and the Secretary (2) inspected the Yaybyu Township Hospital. Then, they met with local populace at the Township LORC office. The Minister delivered a speech after which the Township LORC members and the departmental officials submitted progress reports and presented the difficulties they encountered in the implementation of work. Then, the Minister took immediate measures by issuing orders in connection with

providing funds and giving sanctions for the construction of a modern township sports ground, metalling of downtown roads, building of an X-Ray Ward, construction of housing quarters for hospital staff, construction of new school buildings and easing food, clothing and shelter needs of the workers and seeing to the health and education of the offspring of the workers.

They also inspected the hospital of the mine and affiliated high school where they had discussed with employees and provided assistance.

They proceeded to Thayetchaung where they inspected the high school and township hospital and met the employees and provided help.

The Minister and the Secretary (2) met with the local populace at the Town Hall and the Minister delivered a speech. Then the local authorities and the services personnel submitted work progress reports and presented their difficulties. The Minister after making co-ordinations with heads of departments accompanying him made arrangements for the enabling of construction, renovation and extension of high school, township hospital, post office, sports ground, telephone exchange and roads and bridges and buying of a fire engine.

Arriving at Launglon, the Minister and the Secretary (2) inspected the township hospital, met the local populace and made arrangements for enabling construction [as printed] the Defence Services Commander-in-Chief and the Deputy Commander-in-Chief with the objective of providing assistance in bringing about the development of the division and the Township and that plans were to be drawn up to bring about regional development.

The local authorities submitted reports and the Minister and the Secretary (2) took immediate measures to enable them to carry out development activities.

Next, Brig-Gen Maung Maung explained the arrangement made for the distribution of rice in Tanintharyi Division as well as into the entire country. Delivering the conclusion speech, the Secretary (2) said: "However much the assistance provided by the State, success will not be [passage missing]"

The next day, the Secretary (2) went on an inspection round of Dawei and met with Tatmadawmen as the No 104 Myanmar Regiment and called upon the Tatmadawmen to promote the three-point capabilities.

The Minister and the Secretary (2) inspected the divisional hospital, met employees of education department and teachers and provided assistance. They then proceeded to Palaw where they met and discussed with local populace, departmental personnel and local authorities and took immediate action for enabling the construction and renovation of school buildings, roads, post-office building, telephone exchange and sports ground and for providing fuel oil for supply of electric power.

They also took similar measures in Palaw after which they proceeded to Tanintharyi where they met local

populace to hear the progress of work and to make arrangements for enabling them to carry out town development activities. They then proceeded to Beik and were welcomed on arrival at Beik by local authorities and local populace headed by Tanintharyi Naval Regional Command Hq Commander Commodore Tin Aye.

They met LORC members and departmental officials at the No 17 Myanmar Regiment and discussed the implementation of town development plans. Next, Brig-Gen Maung Maung, Myanma Post & Telecommunications Managing Director U Soe Tha and technical consultant of the Myanma Electric Power Enterprise U Maung Maung Aye took part in the discussions.

Then, the Secretary (2) gave replies to the points raised in the course of discussions. MNA

### **KNU Attacks Police Outpost**

42000066C Rangoon *THE WORKING PEOPLE'S DAILY* in English 1 Apr 90 p 11

[Text] Yangon, 31 March—The insurgents are disrupting the work for prevalence of peace and tranquillity and opening fire with small arms and launchers at towns and villages with the aim of hurting the innocent people.

About 50 KNU insurgents, at about 8.55 pm on 28 March, opened fire at a police outpost on the other side of Dawei River east of Yebyu. Ten members of the People's Police Force [PPF] headed by SIP U Shein Win made counterattacks and the insurgents fled to the east at 10.10 pm.

One PPF member and two children were wounded. During the clash, the insurgents set fire to four motor vehicles of the co-operatives society and departments and one owned by a civilian.

A Tatmadaw column, together with PPF members is in hot pursuit of the fleeing insurgents.—MNA

### **Tin Exploration, Production Sharing Contract With Thailand**

42000069A Rangoon *THE WORKING PEOPLE'S DAILY* in English 21 Apr 90 pp 1, 6

[Text] Yangon, 20 April—A ceremony to sign the Production Sharing Contract for Exploration and Production of Tin in Offshore Block "VII" of the Union of Myanmar [Burma] between the No 2 Mining Enterprise of the Ministry of Mines and the Soong Thai Construction & Trading (Myanmar) Co Ltd. of Thailand was held at the meeting hall No 1 of the Ministry of Mines at 9:30 am today.

Present on the occasion were Minister for Mines and for Energy Vice-Admiral Maung Maung Khin, Minister for Planning & Finance and for Trade Brig-Gen Abel, heads of department and responsible personnel from the Ministry of Energy, Ministry of Mines, Ministry of Planning

& Finance, Ministry of Information, Office of the Auditor-General and Office of the Attorney-General, Ambassador of Thailand to Union of Myanmar Mr Surapong Posayanond and embassy officials, Director of the Soong Thai Construction & Trading (Myanmar) Co Ltd, Mr Banjong Markjinda and members.

First, Minister for Mines and for Energy Vice-Admiral Maung Maung Khin delivered the opening address. He said:

"This Joint Venture contract by the No 2 Mining Enterprise of the Union of Myanmar will be the second Thai company to join hands with us in Off-shore Tin Mining to be carried out in the Tanintharyi Division. This is a result of our open door economic policy.

"The Tanintharyi region forms part of the South East Asia Tin Belt, stretching from the Indonesian Island of Belitung in the South, to Yunnan of China in the North.

"The potential reserves of tin in the Tanintharyi region is very promising and we are going to utilize these Joint Ventures on Production Sharing Basis to restore production to its fullest extent, leading eventually to the rapid growth of our national economy.

"We look forward to a long and fruitful partnership which would be beneficial to both parties, and also to a commercial discovery and production of Off-shore Tin from Block "VII."

"In this off-shore tin mining venture, both parties must work with sincerity, honesty, complete understanding, cooperation and co-ordination so that we may derive the

mutual benefits we seek. So, let me assure you that Myanmar's side will perform its utmost in accordance with the contract and I hope likewise response from our partners."

Next, Managing Director of the No 2 Mining Enterprise U Nyan Lin delivered a speech.

Next, Director of the Soong Thai Construction & Trading (Myanmar) Co, Ltd Mr Banjong Markjinda made a speech. He said: "Since the Union of Myanmar is endowed with abundant natural resources we firmly believe that Myanmar could anytime come abreast with other developing countries in the field of mines and energy sector and we believe that Myanmar could be among the leading producers especially in the field of Tin Mining.

"Our company is mainly a construction company but we have vast experience in Off-shore Tin Mining as we have been mining in Phuket Gulf of Thailand. We are bringing in experienced personnel from these operations and we will do our very best for the success of the operations and we will transfer our experiences to the Myanmar personnel.

"I would assure you that Soong Thai Construction and Trading (Myanmar) Co Ltd will work with honesty, reliability and trust to make the Joint Venture a success."

Next, Managing Director of No 2 Mining Enterprise U Nyan Lin and Director of the Soong Thai Construction and Trading (Myanmar) Co Ltd Mr Banjong Markjinda signed the Production Sharing Contract.

## STATE OF CAMBODIA

### Concert Gets Approval, Kraisak Role Noted

42000077B Bangkok *BANGKOK POST* in English  
15 May 90 p 7

[Text] Phnom Penh has confirmed its approval for a Thai folk rock band, Caravan, to stage a concert at the world-renowned Angkor Wat on 28 May.

The Thai musicians will also enact another performance on 26 May at the National Stadium in Phnom Penh during their Cambodian tour between 24-29 May.

Producers of television Channel 9's paruehad sanjorn documentary programme will go to inspect the concert venues on Thursday.

The producers and prime minister's son Kraisak Chanhavan have helped coordinate with the Phnom Penh Government to get the concerts off the ground.

### Christian Religious Services Receive Official Approval

42000077A Bangkok *THE NATION* in English  
17 May 90 p 4

[Text] Phnom Penh—Cambodia's tiny Protestant community has held its first officially sanctioned service here in more than 15 years but rifts have begun to appear already, church workers here said.

One foreign cleric interviewed Tuesday estimated that there were about 400 Protestants, all of them ethnic majority Khmers, in this country.

But others believe the figure is higher and more would start to worship openly following the government's announcement 10 April that it was recognizing and legalizing the Khmer Christian community.

The Protestants held their first service at a theatre here on 22 April with a few hundred devotees turning up to worship after years of secret prayers.

It followed an Easter mass held here for more than 1,000 people, mostly Vietnamese and Khmer Roman Catholics, said Father Tom Dunleavy of the U.S.-based Maryknoll Mission Society.

The Easter mass, only the second to be held openly since April 1975 when the Khmer Rouge took power and abolished religion at the start of a radical nearly four-year-long maoist rule, was to have been an ecumenical service, he said.

The Protestants then decided to organize their own service for the following weekend, due in part to the sudden appearance of the new apostolic church after the government declared Christianity legal following a decision taken in January.

Fr Dunleavy said the work of the new apostolic church "has both confused and divided the Christians."

A Protestant church worker based here said that she knew little about the origins of the sect but said it appeared to be very rich and had allegedly used its money to draw Khmer worshippers from the more mainstream churches.

She claimed it had offered fund to the government and given people money to be baptised. She said it also spread false teachings.

"Money and income is an issue here," the church worker said.

Representatives of the new apostolic church could not be contacted for comment.

The government in its April announcement said it was prepared to recognize only one united Khmer Christian church and authorized it to build one church. The Protestants and Catholics, however, have elected leaders to represent their communities with the government, according to one source.

Fr Dunleavy, who led the Easter mass with Father Emil Destombes of France from Caritas International, said the government officials seemed to have trouble in seeing the difference between the Catholic and Protestant churches.

### NU Wants Suharto for Another Term

90SE0037B Jakarta EDITOR in Indonesian 12 May 90  
pp 27, 28

[Text] The NU [Muslim Scholars Association] is taking part in the talk about succession. "The NU will support a one-candidate presidential nomination system," PBNU [NU Executive Council] General Chairman Abdurrahman Wahid said on Monday of last week [30 April]. He spoke in Malang in reply to a reporter's question after a reception held by IKAPDAR [Darul Ulum (Jombang) Islamic Boarding School Alumni Association] to mark the end of the fasting month.

This procedure, he said, has been tested with good results in four SU's [General Assemblies] of the MPR [People's Consultative Council]. "None of the MPR elections has had any problems, and national stability has thus been safeguarded," he asserted.

This is the third time in a month the director of the Muslim scholars' organization has spoken about succession. His first statement came in the middle of March. "It's all right to talk about succession, even though it's premature," he said in Surabaya following a seminar on "A Perspective on the Language of the Koran." He said he felt that the succession now much talked about may not occur at all. "By succession I mean the replacement of Pak Harto [President Suharto]."

The second occasion came at the end of March, after the PBNU director had called on Pak Harto. Wahid quoted the chief of state as voicing disagreement with the idea that the presidential nominee should campaign. This is a viewpoint held by political observer Dahlan Ranuwihardjo.

The NU actually is late in voicing a view on the transfer of national leadership, a subject much talked about for the last two years. The position of this the largest religious organization, as articulated by Gus Dur [Abdurrahman Wahid], is interesting, to be sure. Is this viewpoint his personal opinion, or is it the official position of the organization?

"It's the position of the NU membership. There has not been a formal polling, but I have queried Muslim scholars in various places," Wahid said. This is unquestionably a political maneuver on the part of an organization that decided to return to the 1926 Line of Action, which includes, among other things, abandoning the political arena. The importance of the statement is that it is the political voice of an Islamic group with more than 20 million members, who constitute a floating mass. Its leadership system is still paternalistic and charismatic. In the midst of election preparations and heated talk about succession, NU leaders apparently are looking for a way to inject their political views.

Coming at a time when many people are hoping for political openness, the NU's support for the single-nominee system is regretted in a number of circles. "Gus Dur's recommendation can kill democracy and devalue

the MPR as a vehicle of the people's sovereignty," said political scientist Nazaruddin Syamsuddin.

A single nominee, as proposed by the NU, means that if there is more than one candidate the nomination has to be resolved outside the assembly, Nazaruddin said. "I suggest that a consensus be reached first among the OPP (election participant organizations) prior to the SU MPR." The aim would be to find a sole nominee each for the presidency and vice presidency.

Discussions on the issue could begin in October 1992, after inauguration of MPR and DPR [Parliament] members. Decisions would then be made by the time of the SU MPR in March 1993, and some nominees would have withdrawn. "Whether there is one candidate or more is not a measure of democracy in a country," he said.

In April, Coordinating Minister for Politics and Security Sudomo also urged a new "national consensus" on the possibility of more than one presidential candidate in the 1993 SU MPR. A week later, however, he asked the president's pardon for having expressed that view. Last week, Sudomo repeated his statement that a national consensus is needed. The objective, he said, would be to propose a solution for the eventuality that a consensus is not reached. What about voting?

"Regulations provide for voting, but it would be better not to do it. Voting would mean that democracy is not unanimous, that it is lopsided rather than perfect. The ideal is unanimous agreement," Sudomo said.

So far, the debate on succession has been political, according to Professor Sri Soemantri, a specialist in governmental law. This is legitimate, all right, but thoughts on the matter should be based on Indonesian law.

For example, article 6, paragraph 3, of the 1945 Constitution says clearly that the election of the president is "by majority vote." This means voting. "Therefore, I have always asked why we are so afraid of nominating more than one candidate for president," he said.

Formal legal regulations are not applied to the political stage. For example, qualifications for a presidential candidate are reputation and ability to conceptualize. "Pak Harto appears to have the advantage in this case because of the success of national development over the last 20 years."

Wahid feels the same way. "Although many people are ambitious to replace him, Pak Harto appears to be still strong. The case of Kiai [Muslim scholar and teacher] Achmad Siddiq in the last NU congress was similar. Although there was a challenge by Idham Khalid, it turned out that Kiai Achmad and I were still strong. Hence, we remained," Gus Dur said.



**Political Leaders Comment on Presidential Election Process***90SE0045A Jakarta MERDEKA in Indonesian  
14 May 90 p 1*

[Text] Wonosobo, Sunday [13 May], ANTARA/MERDEKA—GOLKAR Secretary-General Rachmat Witoelar emphasized that GOLKAR cannot keep other MPR [People's Consultative Council] factions from nominating or not nominating presidential candidates in the next MPR General Assembly.

"Presidential nominations are the prerogatives of MPR factions. To hinder nominations, or to engineer the nomination of a specific person, would be an insult to the MPR," he said on Saturday [12 May] at Wonosobo in reply to a reporter's question about the presidential election. Although the election is still far off, it has already attracted attention and is much discussed.

When GOLKAR DPP [Central Executive Council] Chairman Wahono earlier opened the Central Java GOLKAR Regional Working Meeting at Wonosobo, he said that talk about presidential candidates is merely normal, since Indonesians, whether private citizens or DPR [Parliament] members, have freedom of speech.

Meanwhile, PPP [Development Unity Party] DPP General Chairman Ismail Hasan Metareum said again that national consensus is not needed on procedures for presidential and vice presidential nominations in the 1993 MPR General Assembly, since MPR Decision 2 of 1973 provides for the matter.

PDI [Indonesian Democratic Party] DPP General Chairman Soerjadi said political engineering is negative if it involves elements of manipulation or deceit.

"What if someone nominates a nobody for president? How could he act in the name of the people? That would clearly involve an element of deceit," Soerjadi said on Saturday in a conversation with reporters at the DPR Building in Senayan, Jakarta.

**Stability**

At another point in his remarks, Rachmat Witoelar said the MPR factions may nominate merely one candidate in the MPR General Assembly or they may propose more than one candidate.

A single nomination may occur, he continued, if the candidate of the other factions is the same one nominated by the FKP [GOLKAR Faction]. All the factions would then be in agreement on a single candidate.

"If that happened, the sole candidate would not be a result of 'engineering' but would be the choice of all," Witoelar said.

He said also that the emergence of more than one presidential candidate is possible.

When asked whether the emergence of more than one presidential candidate in the MPR General Assembly would affect national stability, Rachmat replied, "No, that will not happen."

Dr. Amir Santoso, chairman of the Political Science Department of the FISIP UI [Sociology and Political Science Faculty of the University of Indonesia], who was interviewed separately, agreed with the GOLKAR secretary-general that more than one presidential candidate in the next MPR General Assembly will not be a threat to national stability.

"There is no correlation between stability and the number of presidential candidates. The mechanism and ground rules are clear. If they are adhered to, there will be no stability problem," said the political science graduate of Australian National University (ANU), Canberra, Australia.

The fear that the emergence of more than one candidate might affect stability was once expressed by NU [Muslim Scholars Association] Executive Council Chairman Abdurachman Wahid.

According to Abdurachman Wahid, efforts to capture the presidential nomination may be marked by sharp personal competition. In order to assure national stability, he said, the NU will continue to promote the one-nominee concept for the presidential election to be held in the next MPR General Assembly.

"Past elections under the one-nominee system proved that it created and enhanced national stability. The NU approves of the one-nominee concept, because the NU wants stability and a stable national situation in order that we may proceed with national development," he said.

For Amir Santoso, whether there is more than one candidate or not is not an issue, as long as the ground rules are followed. He denied that the one-nominee system violates democratic principles or that it may thwart national aspirations.

"There will be no problem if the MPR factions nominate only one candidate, as they did in the MPR General Assemblies of 1973, 1978, 1983, and 1988, as long as the agreement is sincere and not the results of engineering or mobilization," he said.

Amir Santoso acknowledged that an assumption is spreading among the people that the presidential election will be more democratic if there is more than one candidate.

"It is called an 'election,' which means more than one candidate. The sentence in the 1945 Constitution that says 'the president and vice president will be elected by majority vote' provides for more than one candidate. The principle of democracy is the existence of alternatives and choices," he said.

Amir Santoso said that the stability of a political system cannot always be measured by whether or not there is only one candidate for president and one for vice president.

"The existence of more than one candidate does not mean interference with stability. We must be more mature in our view on the meaning of democracy. Differences among us about candidates should not interfere with stability, because the mechanism and ground rules are clear," he said.

He said the mechanism for the election of the president and the vice president was clearly established in the 1945 Constitution and MPR Decision II/MPR/1973. "Thus," he added, "there is no need for a national consensus on the matter."

#### Unanimity

Continuing his comments, Ismail Hasan said that if the sociopolitical organizations (GOLKAR, PPP, and PDI) want to reach an agreement on presidential and vice presidential nominees, the three groups can meet, but a national consensus is not necessary.

"It will indeed be very good if everyone is in agreement on a candidate for president and vice president. If such agreement is not reached, however, MPR Decision 2 of 1973 on procedures for presidential and vice presidential elections provides a way out," said Ismail Hasan Metareum.

The PPP general chairman made his comments in response to the statement of Coordinating Minister for Politics and Security Sudomo that a national consensus is needed on presidential and vice presidential nomination procedures so that everything can be resolved through consultation and consensus.

Sudomo had called on GOLKAR and the political parties to lead the way in reaching such a national consensus.

On a separate occasion, PDI DPP General Chairman Soerjadi was asked whether unanimity on a presidential and vice presidential candidate constituted negative political engineering. He emphasized that unanimity is the right of all members of the community.

"Unanimity is not forbidden as long as it comes from the heart and is spontaneous," he declared.

According to Soerjadi, unanimity is viewed as negative if it does not come from a person's own heart but is a result of enticements or because of intimidation or orders from another person.

"That type of unanimity would clearly obstruct the development of Pancasila democracy," he said.

In this connection, he called on people who claim unanimity to explain whether it is an organizational position or an individual one.

"I do not agree with the general statement that political engineering is no longer needed," he said. If such engineering enhances democracy, it is good.

"Engineering is good, as long as it comes from the heart and is spontaneous," he added.

#### Armed Forces Vow Firm Action To Safeguard National Unity

90SE0045B Jakarta ANGKATAN BERSENJATA  
in Indonesian 15 May 90 p 1

[Excerpt] Jakarta, ANGKATAN BERSENJATA—ABRI Commander General Try Sutrisno emphasized that ABRI will take firm action against any person, element, or group who threatens national unity and integrity or jeopardizes the future of the nation. The ABRI family is urged to increase its vigilance and to maintain a high level of readiness, because persons and groups who oppose Pancasila ideology will never stop until they have reached their goal.

The ABRI commander made this statement Monday [13 May] as he opened a PEPABRI [ABRI Veterans Association] headquarters working meeting in Jakarta. The 2-day meeting was attended by 106 people from PEPABRI DPP [Central Executive Council] and DPD [Regional Executive Council] elements throughout Indonesia.

The ABRI commander said ABRI's firm attitude is prompted by the inclination of extremist groups to take advantage of weak points in order to realize their goals. Their efforts are expanding and can be expected to raise the domestic political temperature as the 1992 elections and the 1993 MPR [People's Consultative Council] General Assembly approach.

"In the face of such indications, ABRI with its dual function will not want to take any chances," he declared. ABRI will act firmly against any person or group whose actions could threaten national unity and integrity.

#### One After the Other

General Try Sutrisno noted that most Indonesians are young. Because of their youth, factors of creativity, dynamics, militancy, solidarity, instability, and impulsiveness sometimes become weak points that require the attention of everyone.

Groups on the extreme left and right, and other extremist groups oriented to ideologies other than Pancasila, are always trying to exploit weak points for their own benefit and for the realization of their own aspirations.

New criticisms and demands emerge one after the other. From one aspect, the ABRI commander said, the demands appear totally justified, since they are oriented to the interests of the people. On the other hand, they are often irrelevant to the real issues and are not supported by the facts.

In fact, some tend to be motivated by group interests and are not oriented to the Indonesian nation's ideology, constitution, values, and identity.

Furthermore, according to the four-star general, such efforts to disrupt national stability are marked by new modes of operation. These include making political issues out of social and economic cases, such as land questions, differences in standards of living, manpower problems, and others. [passage omitted]

### **Prospects for Geothermal Energy, Shellfish Industry in Aceh**

*90SE0039B Jakarta BISNIS INDONESIA  
in Indonesian 8 May 90 p 4*

[Text] Banda Aceh, BISNIS—The Aceh Special Region has significant potential for geothermally-produced electric power. In addition, the "lolak", a type of mollusk found along the Aceh coast, has yet to be exploited, despite its popularity with foreign consumers.

H.M. Djufri, chief of the Aceh Regional Office of the Department of Mining and Energy, said the province possesses considerable potential for generation of electricity using geothermal energy.

"There are many volcanoes, particularly with hot water sources, which have geothermal reserves that could be utilized for producing electric power," he said recently.

Djufri told reporters that, according to a survey conducted by the Regional Mining and Energy Office, almost all the regencies of Aceh have such reserves.

"These natural resources have not yet been exploited for the benefit of the people, however," he said.

Efforts to develop these resources are to be made through cooperation between his office and the Vulcanology Directorate in Bandung. He did not describe the nature of the cooperation or say when it would take place.

A site with geothermal electric power possibilities is the volcano area at Jaboi (Sabang), which has potential for 25 MW [megawatts]. Others are the Mount Seulawah Agam area, where the potential is 250 MW, and the Ie Sau Uem Krueng Raya area, which has potential for at least 25 MW. The latter two locations are in the Aceh Besar Regency.

There is also geothermal electric power potential around Mount Burni Telong in Central Aceh Regency, in the Blang Kejeren Mountains of Central Aceh, and at Trujak Lokop in East Aceh Regency. These are estimated to have potential for at least 15 MW of power.

This geothermal electric power potential is very much greater than the sources the PLN [State Electricity Corporation] now has, which range from 50 to 140 MW.

### **Awaiting Investors**

Meanwhile, a BISNIS source says that "lolak"—a product of great potential found in all Aceh coastal waters—has not been exploited, despite its popularity with foreign consumers.

The source said that "lolak" meat can be eaten and its shell used for buttons and for wall and table ornaments. Both its shell and its high-protein meat have economic value.

Syarif Oesman Maksoem, chief of the Aceh Fishery Service, said foreign markets are open for "lolak" shell, but so far not even one investor has been prepared to operate in this sector.

Besides being available for gathering all along the Aceh coast, especially in the west and south, the "lolak" can also be cultivated. A year ago, one business applied for permission, but there has been no word about its operations.

A BISNIS source in the Department of Trade Regional Office confirmed that export opportunities exist for the "lolak" and that the domestic market is also good. "Since the demand is quite strong, prospects for the industry are very bright," the source said.

The volume of "lolak" gathered by poachers and fishermen is quite large. Because they sell their catch outside the region, particularly in North Sumatra, this product of Aceh waters provides no revenue for the province. If there were businesses interested in specializing in the "lolak", however, the benefit to the province would be very great.

Demand for Aceh "lolak" is quite strong in places such as Japan, Taiwan, and South Korea. The people of those countries like "lolak" meat, and their handicraft industries use its shell as a raw material.

### **New Steel Technology Needed**

*90SE0037D Jakarta KOMPAS in Indonesian  
5 May 90 p 4*

[Text] Jakarta, KOMPAS—Because of its inefficiency and uneconomical use of energy, the electric oven technology for steel making is not suitable for long-term, large-scale development of the steel industry. In order, therefore, to meet the growing national steel demand, efforts should be made to develop a second-generation steel industry.

Junior Minister for Industry Tungkuy Ariwibowo said this on Monday [30 April] in his speech at the opening of the Steel-Making Technology Seminar held at the PUSDIKLAT [Education and Training Center] of PT [Limited Company] Krakatau Steel, Cilegon.

Tungkuy said the present technology's unsuitability for future conditions is closely related to three main problems involving the use of raw materials, natural gas, and

scrap iron. Tungky explained in a press conference that the steel technology now in use is very dependent on imported scrap, since the amount of scrap available on the local market is limited. "Because of the growth of the private steel industry, which uses only scrap iron as raw material, the scrap supply in Indonesia has become critical," he asserted. This becomes particularly true as the year 2000 approaches, when the annual scrap demand will reach 2.5 to 3 million tons.

Another obstacle, said Tungky, who was formerly director of PT Krakatau Steel, is the limited number of suppliers of the iron ore pellets needed for making sponge iron. This limitation has a great effect on raw material prices. Furthermore, Indonesian pellet plants are still dependent on imported iron ore. Yet another problem is the limited availability of natural gas for the industry, which cannot yet expand its capacity beyond 2.5 million tons per year.

Other steel making processes that could use Indonesia's natural resources include direct reduction using natural or manufactured gas, reduction using low-quality coal, and the use of charcoal. These processes have a number of problems, however, if applied to a large-scale, integrated steel industry.

#### Second Generation

Several state-of-the-art steel technologies from the United States, West Germany, Austria, Mexico, and South Korea are being studied for the purpose of developing a second-generation, integrated steel industry.

The criteria for selection of a technology include efficiency, economical use of energy, adaptability to Indonesian natural resources, suitable capacity, and affordable construction costs.

The technologies most used in the world in large-scale, integrated steel industries are the blast furnace with converter and the blast furnace plus basic oxygen furnace. If the latter technology is selected, iron ore and high-quality coal will still have to be imported, but there will be many raw material suppliers.

In the long term, the construction of more facilities for making steel is essential if we are to reduce our dependency on imported scrap and lessen the uncertainty that surrounds the steel industry because of the fluctuating availability of scrap. These additional facilities would also enhance the added value of steel components and cut production costs.

#### New Consumer Price Index Formula Announced

90SE0037C Jakarta ANGKATAN BERSENJATA  
in Indonesian 3 May 90 p 1

[Text] Jakarta, ANGKATAN BERSENJATA—The government has adopted a new policy on calculating the inflation rate. Under the new method, it will determine the consumer price index (IHK) for 27 provincial capital

cities and monitor a greater number of commodities. The inflation figure will thus be more representative than in the past.

The new policy was decided on Wednesday [2 May] in a meeting of the Limited Cabinet for Economic Affairs presided over by President Suharto. The meeting, held at the Bina Graha in Jakarta, was attended by Vice President Sudharmono, the ministers and coordinating ministers involved, and the ABRI [Armed Forces of the Republic of Indonesia] commander.

Prior to the meeting, the president and vice president held an end-of-fast reception for ministers, Bina Graha personnel, and reporters who regularly cover the president's activities.

Following the meeting, MENKO EKUIN [Coordinating Minister for Economics, Finance, Industry and Development Control] Radius Prawiro and Information Minister Harmoko announced that the new inflation formula was put into effect on 1 April 1990, the beginning of the 2d year of PELITA V [Fifth 5-Year Development Plan].

According to the ministers, the IHK previously included only 17 provincial capitals but now incorporates 27. The newly added cities are Banda Aceh, Pekanbaru, Jambi, Bengkulu, Bandar Lampung, Dili, Palangkaraya, Palu, and Kendari [as published].

The number of commodities monitored was raised from 120-150 to 200-225. The number was increased because of findings of the 1989 Cost-of-Living Survey made by the BPS [Central Bureau of Statistics].

#### Higher Incomes

The survey showed that there has been a shift toward greater consumption. This shift is due to higher incomes, which permit access to a broader range of items.

The MENKO EKUIN cited increased consumption in Medan, using comparisons between the last two cost-of-living surveys.

Foods consumed rose from 66 to 92 types, housing from 25 to 41 types, clothing from 25 to 44 types, and miscellaneous goods and services from 29 to 48 types. Thus, the number of consumption categories monitored in Medan for calculation of inflation rose from 145 to 220.

As another example, he noted that the consumption of fish in Jakarta has expanded. The kinds of fish eaten in the past were milkfish, mackerel, yellow tail, gurami, tuna, and shrimp. Now, however, puffer, goldfish, squid, and Spanish mackerel have been added.

The survey also showed that expenditures for food were smaller than at the time of the previous survey. This is true because incomes have risen, while food consumption patterns have remained unchanged.

Increased income has permitted more spending for education, from 3.11 percent to 4.96 percent. Expenditures for health care rose from 2.79 percent to 3.18 percent. Similar increases occurred in outlays for recreation and sports.

Using the new formula, inflation in April was 1.42 percent, whereas it would have been 1.75 percent under the old formula. Although the new formula produced a lower inflation rate for April, it is not always so, Radius said. There are times when the rate will be higher.

Based on 12 months of testing before a decision was made to use the new inflation formula, the old formula produced lower inflation rates during certain months.

He said the more exact calculation of inflation will greatly help regional governments to determine economic conditions in their regions. Using the more accurate figures, they will be able to learn immediately why the prices of certain commodities rise and will therefore be able to resolve problems more quickly.

#### Balance of Trade

Information Minister Harmoko disclosed that Indonesia's balance of trade in February 1990 showed a surplus of \$557 million, with exports at \$1.8957 billion and imports at \$1.3387 billion.

Oil and gas exports in February 1990 were valued at \$739.2 million, up 19.3 percent over February 1989 but down 15.2 percent from January 1990 because of the oil price drop.

Nonoil exports in February 1990 totaled \$1.1565 billion, a 25.6 percent increase over the same period last year.

All Indonesian exports in January and February 1990 totaled \$3.8051 billion, an increase of 18 percent over the same period a year earlier.

Nonoil exports in January and February 1990 reached \$2.1938 billion, a 14 percent increase from the same period last year. During the first 11 months of fiscal 1989-90, all Indonesian exports were valued at \$20.9002 billion, of which nonoil exports made up \$12.6587 billion, or 60.6 percent.

The cabinet was also informed that as of the end of January 1990, money in circulation totaled 19.891 trillion rupiah.

It was further reported to the cabinet that rice harvests from January to June 1990 will be greater than during the same period in 1989, due to more area being harvested outside Java.

In response to the rice harvest and production reports, the president emphasized the need for constant monitoring of rice procurement, so that output will not drop and stocks can be maintained.

#### Oil Production Cut Not Detrimental

90SE0037A Jakarta ANGKATAN BERSENJATA  
in Indonesian 9 May 90 p 1

[Text] Jakarta, ANGKATAN BERSENJATA—Indonesia's reduction of oil output by 40,000 barrels per day will not be detrimental, since the reduced volume is consistent with the APBN [National Budget] stipulation of 1.4 million barrels of oil and condensate per day.

Minister of Mining and Energy Ginanjar Kartasasmita spoke yesterday after reporting to President Suharto at the Bina Graha on the results of the meeting of the Ministerial Committee on Price Monitoring. The committee met in Geneva to discuss declining world oil prices.

The minister said our cut in production can be an example to other OPEC countries, so that they will adhere to their respective quotas and thus prevent further price drop.

He said Indonesian production is 1.285 million barrels per day, which is less than its quota of 1.374 million barrels per day.

According to the minister, the 40,000-barrel cut is in compliance with an agreement made at the Geneva OPEC meeting at the beginning of May. The agreement basically consisted of a statement by seven countries which had exceeded their quotas that they would return to their previously established limits.

Indonesia clearly was not one of those countries, but, along with five other nations, Indonesia offered voluntary support by agreeing to the largest reduction possible. The agreement is in effect for three months, beginning with May. The United Arab Emirates, which is not bound by the quota system, offered to cut production by 200,000 barrels per day.

"Our action is not because we are Santa Claus or are extremely generous, but it is an essential government policy," he said.

Something needed to be done about over-production in order to control the declining prices. The current OPEC basket price is \$15.00 per barrel, and the price of Minas-grade oil is under \$16.00 a barrel.

President Suharto warned that OPEC countries should adhere to quota agreements, because overproduction hurts the people and wastes energy.

It was first proposed in the emergency meeting that all oil exporting countries cut back production by five to 10 percent, but that would not have been fair, Ginanjar said, since not all OPEC nations were exceeding their quotas. Indonesia was one of those that did not violate its quota.

It is not impossible for world oil prices to rise, as long as all OPEC countries comply with the limits they have

agreed to. A price increase, up to \$17.00 or \$18.00 per barrel, would be very encouraging, Ginanjar said.

#### Turkish Energy Minister

President Suharto yesterday received a visit at the Bina Graha by Turkish Energy Minister Fahrettin Kurt, who wants to buy LPG [liquefied petroleum gas] and coal from Indonesia.

Fahrettin Kurt, who was accompanied by Minister of Mining and Energy Ginanjar Kartasasmita, said that if Indonesia's offer is acceptable Turkey will buy 5 million tons of coal annually. Turkey itself produces coal, but its energy output is low.

Besides the 5 million tons of coal to meet its present needs, Turkey is also studying the purchase of coal to fuel an electric plant that will be completed in the next three years. The plant will need 3 million tons of coal per year.

Kurt said his country is also interested in buying natural gas from Indonesia. Up to now, Turkey has been purchasing 7 million cubic meters of natural gas from the Soviet Union every year.

The Turkish minister, who was tasked by his government with increasing trade and economic ties with Indonesia, brought several businessmen with him to explore with their Indonesian colleagues the possibilities for cooperation with Indonesia, such as in the construction of bridges and ports.

In response to the Turkish government's interest, President Suharto said cooperation should not be limited to government officials but should include private business as well.

#### Plans for Natuna-Arun Gas Pipeline Announced

90SE0031A Jakarta SUARA KARYA in Indonesian  
16 Apr 90 p 1

[Text] Jakarta, SUARA KARYA—Within 15 years, Indonesia will have a nationwide gas pipeline network ("great Indonesian pipeline"). The pipeline will deliver gas from its main source at Natuna to Arun in Aceh and then along the coast of Sumatra to Java. The Java pipeline will also be connected to gas sources in Bontang, East Kalimantan.

Minister of Mining and Energy Ginanjar Kartasasmita revealed this large-scale plan on Saturday [14 April] after calling on President Suharto at the Bina Graha. He added that the pipeline segment between Natuna and Arun, a distance of 1,400 kilometers, will be built immediately.

The Natuna-Arun pipeline is expected to take six years and cost \$33 billion. "That distance is still short when compared with pipelines that have been laid in Europe, such as the one from Libya to France and the one from Siberia to Europe," Ginanjar said.

The pipeline network will take gas not only from Natuna, but from sources in Sumatra and Java as well, including Nias in North Sumatra and Kangean in East Java.

In this way, Java's gas demands can be met. Indonesia's pipeline network will also connect with pipeline networks in Malaysia, the Philippines, and Thailand.

Construction of the gas pipeline is more economical than building new trains at the gas sources. International private companies will be looked to for investments for the pipeline network. Ginanjar said that gas will soon be no longer available from Arun, since reserves are almost depleted. For that reason, Arun will be supplied from Natuna.

#### LNG Expansion

The minister also reported to the president on prospects for expanding LNG (liquefied natural gas) production. Indonesia now is foremost in LNG trade, in the Pacific as well as in the world.

It is expected that LNG demand in the Asia-Pacific region will grow from the current 35 million tons to 60 million tons per year by the year 2000.

In the short term, Indonesia is prepared to market 6 million tons per year, which will consist of 2 million tons from previously unexploited sources and 4 million tons from two new LNG plants at Arun.

#### Gas Conversion

Ginanjar also revealed that PERTAMINA [National Oil and Natural Gas Company] is conducting research in the use of gas as a raw material for the manufacture of gasoline, diesel oil, and kerosene.

This research is being carried out in East Java, and if the outcome makes production feasible, the manufacturing will be done in East Java, as well.

New Zealand has made BBM [petroleum fuel] from gas, but, according to Ginanjar, the technology was too expensive. It would be economical only if the price of oil were \$30 dollars per barrel. From the East Java research in the use of gas for BBM, it is estimated that it would be economical at crude oil prices of \$17 to \$18 per barrel.

The preparations are being made, the minister said, because Indonesia has adequate gas reserves. Thus, future BBM supplies will be assured.

#### Quota Violations

The minister reported to the president on developments related to the current low oil price. In view of the sharp price decline, the president instructed the minister to urge OPEC members to comply with their respective quotas.

The price of oil has dropped to \$17.40, the minister said, because most OPEC members are violating their quotas despite the fact that oil demand during the current spring season is declining.

Ginanjari estimates that production by OPEC members has reached 23.4 million barrels per day, which means they have exceeded the quota of 22 million barrels.

Almost all OPEC members, except Indonesia, are violating their quotas. Indonesia's output is still 100,000 barrels under its quota of 1.374 million barrels per day. Saudi Arabia produces 300,000 barrels more than its quota, and Kuwait exceeds its quota by 400,000 barrels.

#### State Enterprise Status

He reported to the president on BUMN's [state-owned business enterprises] within the sphere of the Department of Mining and Energy. He rated them as generally quite good. There are now seven BUMN's under the department: PERTAMINA, PERUM [Public Corporation] PLN [State Electricity Enterprise], PERUM Coal Mining, PERUM State Gas, PT [Limited Company] Tin Mining, PT Miscellaneous Mining, and PT Bukit Asam Mining.

In 1989-90, total BUMN assets were 29,416 billion rupiah, up 11.2 percent from the previous year. Operational revenues reached 15,745 billion rupiah, an increase of 21.6 percent. The BUMN's had before-tax profits of 1,082 billion rupiah, an increase of 833 percent.

In 1989-90, PERTAMINA had a crude oil and condensate production of 514 million barrels per day; natural gas, 1,965 million [as published] MSCF [millions of standard cubic feet]; and liquefied natural gas, 585,470 RIM/BU [expansion unknown] cubic meters. These volumes represented increases of 3.42 percent, 4.12 percent, and 0.71 percent, respectively.

PERTAMINA assets for the same year are recorded at 14,495 billion rupiah, up 8.72 percent. Its operating revenues were 12,050 billion rupiah, an increase of 13.93 percent. Its before-tax profits were 1,540.78 billion rupiah.

Using financial health measurements formulated by the Department of Finance, PERTAMINA was declared very healthy for the period 1986-88.

PLN assets in 1989-90 were 12,674.36 billion rupiah, which was a 14.57 percent increase over the previous year. PLN revenues for the year were 2,699.72 billion rupiah, an improvement of 42.15 percent. Production costs were 2,205.53 billion rupiah, an increase of 14.47 percent. Before-tax profits reached 494.37 billion rupiah, which were 94.9 times greater than in the previous year.

Using the health measurements provided by the Department of Finance, PLN was declared unhealthy for the period 1986-88.

#### Textile Manufacturers Concerned Over Low Employee Wages

90SE0039A Jakarta SUARA PEMBARUAN  
in Indonesian 9 May 90 p 4

[Text] Jakarta, 9 May—On Tuesday afternoon [8 May], a seminar held by the Indonesian Textiles Association (API) concluded that low employee wages should not be made an advantage for Indonesian textile manufacturers in their competition on world markets.

The seminar discussed two papers: "Projections of Indonesian Textile Trade," presented by H. Safioen; and "Indonesian Consultations With the United States and Canada, and Several EEC Issues," presented by Ch. Djafri.

H. Safioen, chief of international relations for the API, said a study by Werner International Management Consultants in mid-1988 concluded that Indonesian wages of \$0.22 per hour were among the lowest, while Japan's were \$14.93 per hour. Several participants said this situation should not be a basis for profits, since this would give a negative impression.

Participants confirmed, however, that wages are naturally low, because there are so many more workers than jobs and because the textile industry is labor-intensive. Indonesia's main competitor from the wage aspect is the PRC, where, according to the Werner study, workers earned \$0.27 per hour.

Even with its low productivity in the labor-intensive textile and garment industry, Safioen said, Indonesia is able to compete. "Indonesia now has momentum in its competitiveness in the international textile trade," Safioen asserted.

#### Return to GATT

In his paper, Safioen also discussed the return of the international textile trade system to the provisions of GATT. The arrangement that has been in use, i.e., the Multi-Fiber Agreement (MFA), will expire on 31 July 1991. According to Safioen, Indonesian businesses, as well as producer and consumer countries, still do not agree on the return to GATT.

Safioen expects a transition period after the MFA expires and before GATT fully applies again. He feels two things may happen during this transition. First, import limits on certain commodities, such as textiles, will be oriented to global quotas like those used by Australia. Second, Japan, the Middle East, and ASEAN, for example, will have no import quotas at all.

Based on data from the Central Bureau of Statistics, however, exports rose about 42 percent from 1988 to 1989, he added. "It should not be surprising, then, that the API dares to propose that we return to GATT without MFA. The transition will serve as a replacement

for MFA," said Safioen. When MFA provisions expire, he added, bilateral agreements with the United States will no longer be valid.

#### Consultation

Ch. Djafri, staff specialist for the API Board of Directors, discussed relations with the United States and Canada in the textile sector. For 1990-91, Djafri said, one of the things the United States must do immediately is to hold talks on merged categories, whether with or without compensation.

Indonesia must take advantage of article 18 of the memorandum of understanding between the two countries. This article provides for rights to terminate the agreement if the United States refuses to hold talks on issues that arise. Indonesia used article 18 this year when the United States declined to confer.

As for relations with Canada, Djafri said that in February 1990, besides the fact that exports to Canada were 112 percent over quota, there were still 70,000 pieces that were restricted under category 2C, although nine months remained in the quota period. The Department of Trade resolved this situation, however, by combining these goods with those in category 2A, he added.

An interesting point in relations with the European Community is an antidumping petition on denim that has been filed against three Indonesian companies and countries such as Hong Kong, Macau, and Turkey. "Because of the absence of violations and the very small dumping margins, however, there is very little possibility that the Advisory Committee will grant the petition," he declared.

#### More Poverty Feared As Cost of Living Rises

90SE0045C Jakarta BISNIS INDONESIA  
in Indonesian 15 May 90 p 12

[Text] Jakarta, BISNIS—The speaker of the DPR [Parliament] believes that unbridled increases in the prices of the daily necessities of life are certain to cause poverty to spread.

DPR Speaker M. Kharis Suhud said yesterday in a plenary DPR session at the DPR building that prices of the daily necessities of life usually rise before each Idul Fitri holiday. "This past Idul Fitri was no exception," he said.

He hopes that the prices will drop again or that, at least, they will not go any higher.

Unbridled price increases, he said, are certain to cause poverty to spread, especially because of unemployment. Unemployment is a big problem and remains unresolved.

The DPR speaker believes that, through ever stronger social solidarity and deep patriotism, the government with the help of experts will be able to find the best ways to solve all these problems.

With respect to transfers of land ownership, the DPR speaker called on all authorities to give complete information to the people on the benefits of development projects now under way, for the people are beginning to understand their rights and responsibilities as citizens.

Suhud emphasized, however, that we should always adhere to the principle that compensation for land transfers should not cause a reduction in the economic level, social status, or standard of living of the people affected.

For that reason, Suhud continued, if members of the community must indeed give up their land for the sake of national development, it is only fitting that they should receive humane compensation.



**Outgoing Envoy To Thailand Views Issues***42000076C Bangkok THE NATION in English  
21 May 90 p 8***[Excerpt] [passage omitted] Repatriation of Refugees**

Laos has made it clear that it would be willing to take all Laotian refugees from Thailand but repatriation must be on a voluntary basis. So far, 300 refugees are being repatriated each month with the assistance of the UNHCR (United Nations High Commissioners for Refugees). The number of refugees can be increased but it must depend on Vientiane's ability to absorb the returnees into Lao society.

Laos would take back more refugees but the reality inside the country does not allow [it]. One can take back the Laotians, but they would not have jobs or at best live in areas isolated from the rest of the country—and become a separate entity. The refugees' assimilation into Lao society is crucial.

Besides the refugees living in Thailand, Laos has been urging overseas Laotians to return home and invest their money to boost the local economy. Some have returned with their investment and know-how.

**Resistance Groups**

Laos would like to raise this issue at the next national-level meeting on Thai-Lao affairs. Both countries should settle this issue step-by-step, which will need heart-to-heart discussion. As everybody realizes, the resistance element cannot operate or exist in Thailand if they are prevented from entering Thailand. They can operate in the United States or North America, that is their business. We would like to ask for kind cooperation from the Thais to prevent them from entering Thailand.

**Reforms**

They are delicate reforms based on the reality inside Laos, which is different from other countries. In terms of economic reforms, Laos has become more flexible by giving more freedom to the private sector. At the moment, at least 70 per cent of the Lao state enterprises are under private operation. The role of the state is now restricted to setting up general policy guidelines. The government still has control over certain state enterprises such as electricity and water utilities and in administering the use of national resources, forestry and minerals. The government has the duty to facilitate trade and eliminate undesirable and complicated regulations and bureaucratic bottlenecks, and help the private sector on problems they can not resolve themselves. Furthermore, trade with foreign countries, including foreign investment is encouraged, which must be based on mutual interest and equality.

In terms of political reforms, the government has allowed the middle and grass-root levels more responsibility in controlling their lives. There have been direct elections at various levels including county, district,

provincial and higher levels. The local authorities now have control over their day-to-day affairs without the central government's intervention. Certainly, the central government still conducts foreign policy and manages financial policy, including matters related to security. Political reforms are aimed at increasing democracy at the grass-roots level.

**Sino-Lao Ties**

Relations have returned to a state of normalcy. Since the visit of Premier Kaysone Phomvihane to China last October, relations between China and Laos have progressed both at the government-to-government and party-to-party levels. It is important that both countries are able to have party-to-party relations. Despite some difficulties in the past, both countries have continued diplomatic relations. With the improvement of ties, border trade has increased. Soon there will be a direct flight from Kunming to Luang Prabang.

**ADB Evaluates Economic Outlook***42000076B Bangkok THE NATION in English  
7 May 90 p 16*

**[Excerpts]** Liberal foreign trade has enabled the Lao Government to import more consumer goods, helping to moderate inflationary pressures. But, the Asian Development Bank [ADB] sees the need to reduce the fiscal deficit.

Trade with the non-convertible currency group has traditionally been important for Lao PDR [People's Democratic Republic], although its relative importance has been decreasing as a result of greater trade with Thailand. In 1988, the Soviet Union exported goods worth 50 million roubles to Lao PDR and in return imported primary commodities valued at 11 million roubles. Total Lao PDR exports to the CMEA [Council on Mutual Economic Assistance] countries were valued at about 15 million roubles in 1989.

While export volumes have been erratic, the volume of imports has increased steadily since the beginning of economic liberalization measures in 1986, except in 1988 when imports from non-convertible currency areas substantially decreased. Imports have been consistently in excess of export earnings, with the trade deficit widening to \$162 million in 1989. Net receipts from service exports and transfers, which in 1989 were about \$14 million, were not sufficient to cover the trade deficit. The current account deficit has been met through long-term loans and bilateral arrangements.

The role of foreign assistance in the economic development of Lao PDR is crucial. Most development expenditure is financed through foreign assistance from both multilateral and bilateral sources. The rapid growth of net capital inflows to finance the current account deficit has led to an increase in the external debt burden in recent years. From \$604 million in 1986, Lao PDR's external debt was estimated at \$826 million by 1988 and

is expected to reach \$960 million by the end of 1989. Three-quarters of the total debt is with CMEA countries on which little interest is paid and principal payments have been deferred. Steps have also been taken to reschedule or transform debts to other countries into grants. Because of the increasing proportion of concessional loans, the debt-service ratio fell from 22 per cent in 1984 to 16 per cent in 1988. The projected fall in exports in 1989, however, will increase the debt-service ratio during the year to around 19 per cent.

The Lao PDR is expected to achieve an average annual growth rate of over five per cent in 1990 and 1991, which is noticeably better than in the recent past. The projected expansion assumes continued recovery in both agriculture and industry after the declines in 1988. While some increase in paddy production can be expected, assuming favourable weather, growth in the entire agricultural sector which is projected at five and 5.5 per cent in 1990 and 1991, respectively, will also depend on growth in the output of other crops such as coffee, tea and sugarcane.

The industrial sector, particularly manufacturing, is expected to improve its output performance to an average of 3.5 per cent over 1990-91 as a result of increased private sector investment and more ready availability of imported raw materials and spare parts. With the increase in infrastructure investment, construction activity is also expected to expand. The services sector (especially trade and commerce) is expected to grow at 6.5 per cent on average over 1990-91 on account of recent economic liberalization measures.

Investment as a percentage of GDP is projected to expand to about 25 per cent in the next two years. Private investment levels are expected to rise faster than public investment, in line with economic reforms geared towards promoting the private sector. [passage omitted]

Another problem is that foreign investors are as yet interested mostly in trading activities or in the extraction of natural resources such as gold, gems and timber and, to a limited extent so far, the establishment of tourist facilities. Even the few productive activities, such as garment manufacturing, have minimal value added and technological spill over since the Lao PDR, which is not subject to a textile quota, is used as a finishing base and port of origin rather than a manufacturing base. Foreign investment in the Lao PDR is also hampered by poor banking services and transport and communication facilities, a poorly-trained labour force and a small internal market.

The overall budget deficit in nominal terms will increase in the next two years despite larger increases in government revenue than in expenditure. Development expenditure is expected to rise by 31 and 25 per cent in 1990 and 1991, respectively, reflecting continued depreciation of the domestic currency and the fact that capital investment is largely financed from foreign sources. The fiscal refinanced from foreign sources. The fiscal reforms initiated in the second half of 1989 will begin to have an effect in the late 1990. The banking reforms of late 1989 and early 1990 should lead to improvement in efficiency in that sector and in domestic resource mobilization in 1990-91.

The Lao PDR has instituted numerous economic reforms since 1986 across all sectors of the economy. These reforms have assisted the growth process despite severe climatic conditions to which the economy is especially vulnerable. Increases in agricultural output have been achieved. Reforms have also enabled the urbanized private sector to play a larger role in economic activities and thus contribute more to economic growth. The liberalization of the foreign trade regime has also enabled the import of more consumer goods, which to some extent, has helped to moderate inflationary pressures. [passage omitted]

#### Economist To Aid Economic Plan

42000076A Bangkok THE NATION in English  
22 May 90 p 1

[Text] The Manila-based Asian Development Bank (ADB) has commissioned a well-known Thai economist, Dr Virabongsa Ramangura, as a policy adviser to draw up Laos' third five-year economic development plan.

Virabongsa, an executive director of macroeconomic policy planning at the Thailand Development Research Institute, told THE NATION he has agreed to accept the position as senior planner for two and a half months.

He said the ADB hired him in a private capacity and it is not related to his work at the research institute.

A former economic adviser to former Prime Minister Prem Tinsulanonda, Virabongsa will have to identify obstacles to economic development in the landlocked country and recommend measures to remove these barriers.

Virabongsa will start work in Laos next month where he will also evaluate training requirements at the Department of Economic and Society Strategy and Planning in Mepe.

Laos will begin its third five-year plan next year.

**Firm Plans Agricultural Venture With Vietnam***42000074D Bangkok BANGKOK POST in English  
8 May 90 pp 13, 22*

[Text] The Charoen Pokphand Group has decided to proceed with a 100-million-baht integrated farming joint venture in Vietnam after a one-year trial operation.

Group executive vice-president (planning office) Thirayut Phitaya-Isarakul, said yesterday that the parties involved had recently reached a preliminary agreement with the Vietnamese authorities on the joint venture.

He said a draft agreement was being worked out and should be ready next month.

According to Mr Thirayut the group, through its Hong Kong-based trading arm affiliate Chia Thai International Investment, will hold 60 percent equity in the joint venture which requires an investment of about 100 million baht.

The remainder will be provided by its Vietnamese counterpart, Agriculture and Animal Feed Division of Ho Chi-Minh City, which operates animal feed factories.

He said the CP Group would relocate some of its equipment from Singapore to Vietnam as its investment contribution to the joint venture.

Under the plan, the CP Group will boost the productivity of Vietnam's animal feed plants which are currently capable of producing only 20-30 tons an hour.

Mr Thirayut said CP would mainly concentrate its business on agro-based industry in which it has expertise and for which the group foresees bright potential in Vietnam.

He added that the Vietnamese Government was keen to develop the country's agro-based industries and was offering special privileges, like corporate tax exemption, to foreign investors.

"It is the basic factor for developing countries to develop the agro-industry area and Vietnam has a lot of natural resources, such as maize, fish meal and soybean to promote this," he said.

"Some Thai investors might be reluctant to invest in this country for fears of uncertain rules and regulations. We, however, thought otherwise. There usually are problems when a socialist country decides to open its country to foreign investments but the situation will eventually improve," he forecast.

He said the group would apply successful concepts learned in China to its Vietnamese investment to gradually build up and expand its animal feed output.

Mr Thirayut said the CP Group had confidence in investing in Vietnam because the Vietnamese Government has given more freedom to investors to set up privately-owned businesses. Also, over the past few years

the purchasing power of the Vietnamese has increased due to rising trade and investment in that country.

"In the near future, we may expand our business to integrate the cultivation of crops including maize and soybean for use as feedstocks for animal feed," he said.

The CP Group's decision to move into the animal feed business in Vietnam marks the first Thai investment in the manufacturing base of the Indochinese country.

Last year the group formed Ever Shine Co to engage in trading activities, mainly bartering, between Vietnam, Thailand and third countries.

Among various products exported by Ever Shine to third countries are fishmeal, maize and soybean, while several products are imported from Thailand and other countries to Vietnam.

Mr Thirayut also said the group would cease its animal feed operations in Singapore this year as the authorities had decided not to allow integrated poultry and pig farming on the island republic.

**State Firms' Privatization Delayed***42000074E Bangkok BANGKOK POST in English  
9 May 90 p 17*

[Article by Anupong Chaiyaritti]

[Text] The Finance Ministry will invite private companies to invest in and share the management of three major state enterprises when the situation permits.

They are Thai Airways International [THAI], the Telephone Organisation of Thailand (TOT) and the Electricity Generating Authority of Thailand (EGAT).

But the ministry has decided to delay implementation of the privatisation policy until it is no longer a positive issue.

A senior ministry official said the three main state enterprises would need huge investment budgets for the next several years and these would have to be financed by equity participation.

The official said the External Debt Committee, chaired by Finance Minister Pramual Sabhavas, would next week discuss the lifting of the country's external borrowing ceiling from U.S.\$1,200 million to \$1,500 million next fiscal year.

However, the higher ceiling would not help THAI, TOT and EGAT much, and they would still have to finance their investment by raising funds from the private sector through either listing shares on the Securities Exchange of Thailand (SET), or setting up a Special Purpose Company (SPC) to act as the financial or fund-raising arm of these state enterprises.

For the next six years, THAI needs a total investment budget of 83,202 million baht or 13,867 million baht a

year. In the last few years, THAI has been allowed to borrow only about \$144 million or 3,888 million baht a year from external sources.

The TOT will require an investment budget of about 144,000 million baht between 1990-96. Of this 35,500 million baht is projected to come from domestic borrowing, 41,000 million baht from self-financing and 67,500 million baht from foreign loans.

The TOT plans to expand its telephone service by 200,000 lines between 1989-92 and during the Seventh Plan another 2.4 million lines will be installed. Mobile telephone services will be expanded by 37,000 lines during 1990-92.

EGAT will require an investment of 68,542 million baht between 1990-91.

The source said privatisation plans would not be implemented until labour unions in state enterprises are opposed to them.

He admitted that ministry officials are unclear about the Government's privatisation policy and noted it depended on the Finance Minister who has not expressed his idea on the issue for some time.

"For example EGAT's privatisation plan to establish a subsidiary company to undertake the Nam Pong electricity generating project was endorsed by the Cabinet,

but it later scrapped the plan and instructed that the project should not be called privatisation," he said.

The source added that the Fiscal Policy Office and Comptroller Department which are responsible for state enterprise's investment policy had asked the Finance Minister to clarify the privatisation policy, but Mr Pramual had not replied.

THAI has initiated steps to mobilise funding by listing about 1-2 percent of its total 22.3 million shares on the SET, with about 50 percent of listed shares to be sold to THAI staff.

The airline wants to test the response of investors by listing only some of its shares initially before increasing its registered capital for a larger public offering.

This plan has been proposed to the Finance Ministry for approval.

Establishment of an SPC to act as a financial arm of the three main state enterprises was also under study, the source said.

Under the plan, the SPC would be a joint venture between the state enterprise and private companies, with the SPC having the duty to mobilise funds for investment and purchase of equipment for leasing to state enterprises.

## MILITARY

### General Calls for Reorganizing Air Force

902E0199B Hanoi TAP CHI QUOC PHONG TOAN  
DAN in Vietnamese Mar 90 pp 53-58

[Article by Air Force Major General Pham Thanh Ngan]

[Text] Fully understanding the Party's line of people's war and building the people's armed forces, our air force, although it had to experience many great difficulties and fierce challenges, and although it was very young and had just been formed, along with the people's armed forces won a glorious victory over the professional air force of the U.S. imperialists and contributed to fulfilling our international duty. The more our air force fought the stronger it became and the more it matured and developed. Today it has become a branch of the Vietnam People's Army.

Our country's revolution has shifted over to a new phase. To be in accord with the nation's circumstances and meet the present and long-range requirements of the enterprise of building and defending the fatherland, new requirements are being posed toward building the air force. Fully and comprehensively posing the problem regarding the direction of building the air force must be a process of meticulous study by many echelons and sectors. We would like to present some initial opinions.

### The Position and Role of the Air Force in War To Defend the Fatherland

With the appearance of long-range missiles and the development of space science, the imperialist militarists are thinking about surprise attacks against their transcontinental adversaries, from the sea or from space. But the role of the air force has not, for that reason, been obscured. In actuality, nearly all countries are seeking ways to modernize their air forces (the United States has invested billions of dollars in the B-2 strategic bomber program) to increase their mobility, operational range, and lethal effectiveness, while preventing detection and retaliation by their adversaries. Because of the superiority of the air force, which has many operational functions which cannot be fulfilled by the other armed forces branches, the various countries stress the development of their air forces. There cannot be a strong army if the air force is not strong.

According to our Party's viewpoint of people's war, the factor deciding victory or defeat in war is man, not weapons. The strength of the army is combined strength in the battlefield situation of the entire nation fighting the enemy, in which each armed forces branch and combat arm must bring all its strength into play. In comparison to many other countries in the world, our air force was formed late and its developmental period has been too short. It was built up while fulfilling its mission and then entered into an extremely fierce challenge by the strongest air force of the system of imperialist countries. Along with the soldiers and people of the

entire nation, and with absolute political and morale superiority, our air force utilized to a high degree the power of all weapons at its disposal to defeat the enemy and fulfill its mission.

Our interceptor forces, with far smaller numbers than those of the enemy, but with appropriate fighting methods, effectively intercepted and shot down the enemy, broke up their formations, and contributed positively to defending Hanoi, the economic and political centers, the strategic areas, and the transportation arteries.

During the anti-U.S. war our fighter-bomber air force, which had not yet become an independent force, launched a surprise attack against a formation of the U.S. Seventh Fleet while it was shelling the Quang Binh coast, heavily damaged a cruiser, and forced them to withdraw from the coast and cease firing for a time. Our bombers many times bombed important enemy bases and inflicted much damage on them. In the historic Ho Chi Minh campaign we used A-37 aircraft captured from the enemy to bomb Tan Son Nhat airfield, caused the enemy to become extremely perplexed and confused, and contributed to accelerating the collapse of the Saigon puppet army and administration. In the campaigns to liberate islands, defend the southwestern border, and help the Cambodian people liberate their country from the specter of genocide, our air force fulfilled its ground support function well and, along with the land and naval forces, attacked to overwhelm the enemy and win a great victory.

The air transport and helicopter forces—the initial forces of our air force, during the past 30 years have fulfilled all important missions in serving the military, political, and economic missions and fulfilling the international responsibilities toward Laos and Cambodia.

With small initial forces our air force, which was part of the Air Defense-Air Forces armed forces branch, had the primary mission of air defense interception. It has now developed many additional forces and fulfills many different functions and missions.

In the enterprise of defending the fatherland, our air force, with its great mobility and range, and strong fire power, has become an important force with the mission of, along with the armed forces, repelling the wars of aggression, no matter on what scale or from what direction. Furthermore, it can participate positively in national political security and in countering insurrection.

The air force may operate independently or may coordinate with the other armed forces branches, combat arms, and armed forces to:

—Win and maintain mastery of the air, defend the national targets, the military concentrations, and the other important targets, and counter the air transportation activities, and airborne and naval landings, of the enemy.

- Reinforce the forces in the operations of combined arms units and the other armed forces.
- Attack the important enemy targets.
- Aerial reconnaissance, air transport, support of airborne landings, and the fulfillment of the other combat missions.

Building an air force sufficiently strong to fulfill those missions is a requirement of long-range strategic significance.

#### **The Direction of Air Force Development in Future Years**

In the present situation, to build the air force in such a way as to meet both the immediate and long-range requirements, and be in accord with the nation's conditions and circumstances, we believe that it is necessary to pay attention to the following characteristics:

- The air force's use of modern weapons, equipment, and facilities is far in advance of the development of our nation's industry. The operational expenses of the air force are very great and our economy does not yet allow us to buy weapons and equipment for it. Therefore, we have to rely on foreign countries, primarily the Soviet Union, for practically all of the air force's equipment and all of its operational support. That situation has resulted in an inability to ensure the implementation of plans and the frequent occurrence of imbalances and incompleteness. As equipment becomes increasingly modern that situation will become increasingly severe.

The territory which the air force must defend is very extensive and includes the mainland, the sea, islands, and the continental shelf. Furthermore, terrain and the weather are very complicated. That requires us to have appropriate kinds of aircraft, command facilities, and support facilities to operate at a distance, over the mainland, over the sea, and over the jungles-and-mountains areas under all weather conditions.

The network of airfields is not distributed uniformly: most are located on the coast, so they may easily fall victim to enemy surprise attacks. Therefore, we must continually maintain the existing airfield network, have suitable defensive plans and forces, and study the construction of secret airfields, provisional airfields, etc., so that under all circumstances we can preserve the air force's forces and maintain its activities.

The present and future operational objectives of our air force are the air forces of the imperialists and the international reactionaries, especially those of the United States and China. They have economic potential, large military forces, and strongly developed military industries in general and aviation industries specifically. In order to wage wars of aggression they will use tactical and strategic air forces in numbers many times greater than ours, with a high degree of modernity, strong firepower, and wily, cruel schemes. Therefore, our air

force must have forces with modern, complete equipment, appropriate organization and deployment, and a corps of brave, skilled pilots and cadres, in order to use few to fight many and use high quality to defeat large numbers, and fight and defeat the enemy while maintaining and developing our forces.

In addition to those characteristics, in building our air force we have very basic advantages. We have our Party's correct and creative line of national defense by all the people, which skillfully combines the most advanced military thought of the era with our people's thousands-of-years-old tradition and experience of our people in fighting the enemy. Our country is gradually escaping from its severe economic-social difficulties and promoting the advance of the socialist revolution. Our air force has experienced more than 30 years of development and combat and has rather great material-technical bases and a corps of very experienced cadres and pilots. That is a solid basis on which to build the air force so that it can fulfill the new requirements and missions.

Every accomplishment of socialism will create conditions for the air force to develop. In the long range, when our industry is highly developed, and our economy is sufficiently strong, we will be capable of building suitable national defense and aviation industries. But for many years in the future we will be unable to wait, but must gradually build an air force that is appropriate to the requirements and missions, and create a solid basis for future development. Therefore, in building the air force we must concentrate on resolving two major problems:

1. The development of the air force must be complete, uniform, and thorough, from such major matters as people, weapons, equipment, and missions to specific matters in the technical and rear services work.

Specifically:

With regard to the organization of forces, based on the terrain characteristics and the missions that are assigned, our air force must have all necessary types: fighters, fighter-bombers, transport aircraft, and helicopters. The aircraft equipment and the support facilities must be increasingly modern so that the air force can operate over a vast territorial area, over all kinds of terrain, in all kinds of weather, and far out to sea, in order to fulfill all missions in accord with its function.

Based on the characteristics and requirements of Vietnam's air force, it may be organized into an unmixed (fighter) air force division in one region and combined (fighters, fighter-bombers, and helicopters) air force divisions in the other regions. Furthermore, it is necessary to set up a number of independent air force regiments directly under the armed forces branch. Such organization would be very advantageous for the use of forces in each region and area and ensure rapid mobility.

With regard to technical aviation support and principal equipment of the air force, special attention must be

paid to building, consolidating, and perfecting the material-technical bases in the air force regiments. The air force's system of factories must be renovated and expanded to improve their repair and production capabilities. Appropriate investment must be made so that they can undertake medium and major repairs of all kinds of aircraft. That would have a very great significance on continually maintaining the air force's combat strength and would be economically advantageous and save time. If an aircraft is sent abroad for major repairs a whole year would be lost and the cost of a major repair would amount to 30 percent of the purchase price, not to mention the disassembly, assembly, and transportation costs. In fact, since 1984, under the conditions of equipment not being complete and there being many technical difficulties, we have boldly undertaken major repairs and have repaired by cannibalization many An-26 aircraft and dozens of Mi-8 helicopters, thus saving for the state tens of billions of dong and ensuring that the airplanes could carry out their combat and transportation missions in a timely manner.

With regard to the network of airfields, in the immediate future we must concentrate on maintaining, improving, and repairing the existing airfields. There must be meticulous defensive and protection plans. We must study the building of secret airfields and provisional airfields for wartime use and draft plans to build a number of new airfields to ensure mobility in order to fulfill missions in a timely manner.

With regard to command, we must perfect the command headquarters at all levels, and strengthen and renovate the communications and radar facilities. During the coming period computers will be installed in many aircraft and command headquarters at all levels. Therefore, it is necessary to raise rapidly the level of the maintenance, care, and use of computers.

Greater investment must also be made in the system of air force schools to increase capability to train cadres, especially pilots and technical cadres. It takes about 10 years to train a level one pilot or for a technical cadre to attain an expert level. It is necessary to send them abroad for study, but we will make all-out efforts to advance to primarily training them ourselves in Vietnam, which would be more economical and faster. The training of a corps of cadres and pilots with good moral quality, health, and ability, who are capable of quickly assimilating the scientific-technical advances of the world, is an important permanent mission of the schools and the leadership and command cadres at all levels.

2. Maintain well, and use for a long time, safely, economically, and with the greatest effectiveness, all technical equipment that is on hand or will be supplied.

That is an important matter that permeates the process of air force development. It both manifests the quality of revolutionaries of extreme respect for the sweat and blood of the people and practically maintains and increases the combat strength of the air force.

For many years, thanks to the movement to "maintain well and use for a long time, safely, and economically," our air force has overcome many severe technical difficulties to ensure sufficient aircraft and combat weapons and the fulfillment of missions on all battlefields.

Not only in times of difficulty and shortages, but also in the future, when the material-technical bases are plentiful, we cannot regard lightly "maintaining well and using for a long time, safely, and economically." At present, and in future years, because we depend on foreign countries for practically all of our equipment, we will experience many difficulties. Therefore, good maintenance and long, safe, and economical use will be especially important matters.

The technical organs at all levels, along with the units, must, when necessary, rely on the assistance of other units and the scientific-technical organs and units outside the army, concentrate on exploiting and using all existing technical aviation equipment, and boldly develop technical innovations and improvements to fulfill the requirements and missions.

There are many types of aviation equipment, which require different preservation and maintenance processes, especially under the complicated weather and climate conditions in our country, in which machinery and equipment, especially optical and electronic equipment, very easily become inoperative. Therefore, there must be a corps of technical cadres and personnel with strong sense of responsibility and discipline, and solid ability. At the same time, we must invest in strengthening and building a system of warehouses with complete modern equipment.

The aircraft, weapons, and technical equipment of the air force are precious, scarce, and expensive property. Pilots and crew members are key personnel whose training is very meticulous and expensive. Therefore, to ensure safety is in fact to ensure the combat strength of the air force. The activities of the air force are very complicated and are highly interdependent, and factors which endanger safety are continually at work, so it is necessary to utilize a whole series of combined measures to ensure safety in all activities aloft and on the ground. In that sphere, in past years our air force has accumulated experience. In the course of development toward new equipment and new missions, it is necessary to perfect, supplement, and organize the strict implementation of measures to ensure safety.

Building the air force requires much money and effort. Detailed studies must be carried out to balance the requirements of missions with the nation's actual capabilities. Orders for foreign goods must be in accord with the development plans and activities of the air force, and the situation of "there being few or none of the necessary items but a surplus of things that are not needed" must be reduced to the minimum. The construction projects must be carefully calculated and the existing material-technical bases must be fully utilized so that effective

utilization will accompany renovation, expansion, and development, and so that in the future, with the progress of science and technology, we can continue to develop on the basis of what we have built when we have conditions for doing so.

The matters brought out above are related to many echelons and sectors of the army and state. As for the matters related directly to the air force, that armed forces branch is making efforts and has plans to develop its strengths and overcome its present weaknesses, deficiencies, and difficulties, and to continually increase the fighting strength and over-all quality.

### **General Urges Higher Quality Training for Basic-Level Units**

902E0199A Hanoi TAP CHI QUOC PHONG TOAN  
DAN in Vietnamese Mar 90 pp 3-7

[Article by Senior General Doan Khue]

[Text] Often, when discussing force building and troop training we speak of such major, general matters as the campaign art and strategic activity of large units and combined units, but pay little attention to the basic units and their activities. Of course, strategic activities and campaign art play major roles and exert a decisive effect on the basic units. But to regard the basic units lightly for that reason, would truly be a mistake.

Everyone knows that the basic units are basic cells which combine to form the large units and combined units. Without the activities of the detachments and (tactical) units there would be no campaigns and strategic activities. In armed struggle, no matter by what mode or means it is carried out, the victories of battles and tactics are still the bases for the campaign and strategic victories.

Only if the basic units are strong can the entire army be strong. Only if the basic units are strong can the army fulfill the difficult, glorious missions assigned it by the Party and the people.

Training and education are basic factors which create the strength of the basic units. The directive of the General Staff on "building all-round strong regiments" affirmed that improving training quality is the central and most urgent requirement. It is concretized on the basis of the following principal contents:

- Strengthening combat will, raising the level of combat readiness, and improving preparedness to fulfill all combat and work missions.
- Expertly utilizing the capabilities of the units' weapons and tactical equipment.
- Accurately practicing the basic skills and actions, and creatively using them in the tactical situations and on all kinds of terrain.

In general, the basic units throughout the army, especially the units which the General Staff and the military regions have designated "model units," concentrated guidance, and carried out training in accordance with the above requirements. The initial training results were encouraging. Especially, the quality of troop and detachment training has clearly improved in many respects, along fundamental, practical, and solid lines.

But strictly speaking, the quality of training in the basic units has not yet met the present requirements of building the army: "expertness, eliteness, regular troops small in numbers but high in quality, and ensuring the army's fighting strength in the situation of major reductions in regular forces." The matters most worthy of concern for the basic units throughout the army are that the level of practical ability of the cadres and enlisted men is still low, the level of resourcefulness, creativity, and application of basic techniques to tactical study and maneuvers is not yet high, and the level of professionalism is low. The training methods of the units are still outmoded and ineffective, and there is as yet no skilled combining of the passing on of new knowledge and contents with the combat experience of our army in the recent resistance wars.

In order to limit and end the deficiencies and improve training quality in the basic units, it is necessary to concentrate on resolving the following principal problems:

1. The training contents must be practical and in accord with the missions of each unit.

That is a basic principle in training troops and is, at the same time a requirement for fully understanding the viewpoint of practicality in military training. Training in accordance with contents which are practical and appropriate to the political mission means that we concentrate on the most important problems, on the key links which the unit must resolve well if it is to fulfill its missions. That is easily understood because the training time is limited and if all contents of military knowledge are included the troops cannot assimilate them and they cannot become expert. Furthermore, each kind of unit has its own function and specific mission, which requires training in different contents. Therefore, we should not mechanically unify the training contents of the basic units. For example, one kind of unit will concentrate on training in fighting the enemy in jungles-and-mountains areas, while other units will emphasize training to fight the enemy in the lowlands, in riverine areas, along the coast, or on islands. The mobile main-force units primarily train in the contents of combined arms and combined armed forces branches combat on all kinds of terrain. The local units must be well-trained in the contents of combat in provinces and cities.

When determining the study contents, as well as the training process, it is necessary to closely combine new, modern military knowledge with traditional combat



experience, the "secrets" to winning victory in the process of building and defending the nation, especially the combat experiences (both successful and unsuccessful) in the resistance wars against France, the United States, and the expansionists and hegemonists. Those were experiences in using few to defeat many, fighting at close quarters, fighting at night, fighting the enemy by means of all forms and all facilities at hand, and fighting the enemy with the strength of all three kinds of troops and the entire population. That is an extremely necessary content, for gradually the cadres and enlisted men who directly participate in combat in the army will become smaller in number and most of the young people who will replace them have not accumulated experience in combat. Therefore, as far as they are concerned one cannot make up for the priceless knowledge that has been crystallized by the sacrifices of their fathers and elder brothers. It is also possible to bring into training the lessons learned from the training and maneuvers of the other units in the army, or even their own experience. That does not mean that we can arbitrarily include contents that have not yet been studied and tested, which would result in a patch-work training curriculum that lacks professionalism and is not basic and unified in nature, or leads to the phenomenon of conservatism.

The old combat experiences included in the training contents must be experiences that have been studied and developed so that they are appropriate to our army's new conditions. New knowledge about modern combat and the old combat experiences that had been elevated and developed combine to form training contents that are appropriate to the requirements of the combat missions of the basic units.

2. Develop basic unit cadres into instructors with good practical ability regarding not only training but also troop management.

The basic cadres are people who must directly command and manage the unit, and who directly organize the training of troops under their command. Thus the basic cadres are simultaneously the commanders and instructor of the units. Their military and political knowledge, and their skill and ability regarding training organization and methods, directly affect the units' training results.

At present, most of the basic cadres have received basic training in the military schools. Their greatest limitation and weakness is practical ability. Those cadres can give training in theory and principles, but as regards practical activities they are still confused and imprecise. That results in the enlisted men and detachments also falling into the situation of being able to talk but not being able to do very much, and not being expert in the basic technical and tactical operations. Even less do they know how to apply them in the fighting methods, in the various situations, and on different kinds of terrain. Therefore, there is no other course than to train and strengthen a corps of basic cadres who have good practical ability, cadres who speak and do equally well, who

have scientific and highly effective training methods, and who do a good job managing troops. If that is to be accomplished, first of all the basic cadres must steel themselves and endeavor to fulfill the necessary requirements. Next year the command cadres and organs at the regimental echelon must study in order to firmly grasp techniques and tactics, and become expert in professional training and combat staff work. Cadres at the battalion and lower levels must emphasize training in organizing training and in the methods of detachment technical and tactical training, in accordance with the spirit that was unified in the 1989 training classes of the General Staff. All cadres in that category must endeavor to become good instructors of the lower echelon cadres and the detachments and men under their command.

So that the cadres can have good conditions for training and studying, the leadership and command echelons must have rational and scientific cadre plans so that there will be little disruption in the ranks of basic cadres, especially in the situation of our army reducing its troop strength and number of units. The assignment of cadres must be in accord with the military specialties they studied in school, and when they are assigned to a task they must be given time to familiarize themselves with the work and accumulate experience.

With regard to the officers schools, the primary sources of supply of detachment cadres for the units, attention must be paid to further improving the students' practical ability. Every school must study, and deeply and fully understand, Resolution 115 of the Military Commission of the Party Central Committee regarding the work of the schools, and on that basis renovate officer training. The schools must pay attention to teaching the students troop management methods and methods for organizing and managing training, drills, and maneuvers, so that when the students graduate and go to the training units they will be less at a loss, with regard to the methods of pointing out problems, study methods, guided dialogue methods, and methods of training within and without the main curriculum.

3. Bring democracy to play in training, take the initiative in creating appropriate conditions and environments so that training can be effective.

As in the other spheres, democracy in training and in managing the troops' lives is the key to overcoming difficulties and obstacles, develop positiveness and creativity among the masses of cadres and enlisted men, promote all-round renovation in training (with regard to a spirit of teaching and studying, contents and methods, guidance and support, etc.), in order to achieve high quality and real effectiveness and increase the fighting strength of the basic units.

Democracy in training above all overcomes the phenomenon of one-way compulsion imposed from above, which causes the lower echelons to be passive in training, elicits a sense of responsibility and an enlightened spirit, and brings into play the initiative and creativity of both

the instructors and the students. Only if democracy is brought into play can guidance by the upper echelon and implementation by the lower echelon be united, only then can the intentions of the instructors and the desires of the students be in harmony, and only then will initiative be taken to create conditions and environments for effective training.

Democracy in training aims to enable both the instructors and the students to heighten their sense of responsibility toward building the unit, to enable the training contents to be passed on correctly and deeply assimilated, to openly and democratically discuss what both the instructors and the students do correctly and incorrectly, and to oppose crudeness and arbitrary liberalism.

Under the present circumstances of our country, the training process, like the other military activities, is still encountering many difficulties and deprivations, especially with regard to finances and material-technical facilities. Therefore, now more than ever we must bring democracy into play in order to resolve difficulties and find the optimal solutions in the training process. Truly bringing into play the sense of responsibility and capabilities of the cadres and men, so that they will create many good models, materials, and drill fields for training, while maintaining well and using for a long time the various kinds of equipment and weapons, especially the scarce types. With regard to the competent echelons, it is completely forbidden to cut training time, funds, vehicles, and gasoline to use for other purposes. In guiding training, as well as when reviewing and issuing funds and POL, priority should be given to units which encounter many difficulties, units which have just returned from Cambodia, and units which change their locations and missions in the course of training. Of course, investment should be concentrated only on the tasks the units cannot perform for themselves.

A very important democratic content is to concentrate on providing the best possible means for the troops during the training process. At least the present standards must be fully met. That is also a way to create a good training environment and attain high training effectiveness.

#### 4. Build and maintain professionalism.

Some people take the view that professionalism is not related to the quality of training! They do not understand that maintaining professional practices is not merely a matter of management and administration, of maintaining the deportment, courtesy, and work style of military personnel, but also tightly managing the contents, programs, time, plans, material bases, training funds, and training quality. All those matters are closely interrelated and affect the process of training and education to form the qualities and fighting skills of the cadres and men. Professional practices are the basis for unifying the actions of individuals in a detachment and among basic units throughout the army.

The resolute professionalization of training is intended above all to overcome the situation of arbitrarily reducing the training contents and using training time for other purposes, lowering the inspection and evaluation goals, dishonestly reporting training accomplishments and results, and improperly using training funds and facilities.

In the present situation, the negative social phenomena have more or less influenced the army. If the units do not emphasize discipline and continually maintain professional practices, that will not only affect the quality of training but may also give rise to unimaginably bad consequences. Therefore, the party committee echelons and the basic unit commands must regard that as a permanent mission. But professional practices should not be maintained in a formalistic, shallow, and superficial manner. Militaristic bureaucratism must be opposed, and only if the cadres and men are truly democratic, equal, and united can true professionalism be created, in the proper sense of the word. Political education and ideological leadership must be combined with training to carry out orders and the forging of discipline in order to create professional practices in each unit. We must endeavor to, in 1990, enable all units in the army to undergo a true transformation in carrying out orders and creating professionalism in combat training.

#### Officer Sees Need for Modern Air Defense Network

902E0199C Hanoi TAP CHI QUOC PHONG TOAN  
DAN in Vietnamese Mar 90 pp 59-66, 39

[Article by Colonel Ho Si Huu]

[Text] Since the war in Vietnam and Indochina, the recent armed conflicts and military activities in the world have proved that air raids are still a dangerous threat to countries, both in large-scale and regional wars and low-intensity conflicts. Because of the strong effect of the scientific-technical revolution, the air raid forces and facilities have developed continually, and the air raid modes and principles have also undergone many transformations.

At present many countries have formed, and are endeavoring to develop, new air raid forces: raids from space, consisting of such strategic assault forces as intercontinental missiles, space equipment, etc. Even the traditional air raid facilities (strategic forces, tactical forces, forces aboard carriers, and the various kinds of tactical missiles with conventional warheads) have also undergone qualitative changes. Combat aircraft have been improved along the lines of increasing their operational range, increasing their speed, increasing their weapons-carrying capability, increasing the accuracy of their weapons, increasing their electronic warfare capabilities and, especially, reducing their effective reflective cross-section to lessen the effectiveness of radar detection.

Command, guidance, reconnaissance, and other equipment have been improved continually and have become increasingly modern. The air and naval bases have continually been strengthened and developed, to create capability to launch surprise attacks from many directions.

It has been calculated that today only a modern, complete air-defense system is capable of preventing air raid forces from getting through.

That very fact has caused the air-defense mission to become increasingly difficult and the air-defense requirements to be far different from those of the past.

When evaluating the role of air defense at present and in the future, many military specialists in the world have confirmed that waging and concluding wars is directly related to the air-defense situation. Air-defense strength can solidly defend one's territory against air raids. The degree to which air defense capabilities aid the army and navy and fighting on land and at sea will determine to an important extent victory in war. Thus air defense under modern conditions has become a factor of strategic significance. That affirmation is not restricted to large-scale war but also to regional limited wars and low-intensity conflicts.

Vietnam's air defense has clearly demonstrated that observation since the resistance war against the French colonialists (at Dien Bien Phu), and especially the resistance war against the U.S. imperialists and their clique of lackeys. Air defense had a decisive significance in smashing the enemy's intentions and the fulfillment of their strategic missions by means of air raids, exemplified by the victory of the strategic air-defense campaign in December 1972, which defeated the strategic U.S. B-52 raids on Hanoi and Hai Phong. Many nations have used Vietnam's air defense as the benchmark in objectively determining the limitations of modern air-defense capabilities. That manifested the maturation and development of Vietnam's air-defense troops and the correct tendency of Vietnamese air-defense military science. In recent years many problems regarding military art, organization, and force development have been posed for research and clarification.

Vietnam's air defense relies primarily on defending against airplanes. We do not protest the "air defense-space defense" tendency, for it will be an objective inevitability when surprise attacks from space become a threat to mankind. However, under today's circumstances, and for a considerable time to come, the air force will continue to play the role of the primary offensive force in air raids, so our air defense still emphasizes defense against aircraft, including defense against strategic aircraft, tactical aircraft, the various kinds of helicopters, cruise missiles carried and launched by airplanes, and other kinds of attack facilities, such as blimps and pilotless anti-radar drones.

A requirement that is posed for the air-defense mission is that air defense must be solid. That is a very important

and absolute requirement because our fundamental long-range enemy, as well as our direct, dangerous enemy, are the strong powers whose military and air force potential are among the strongest in the world. The requirement of the mission of defending the fatherland is absolute. The geographical conditions are in some respects advantageous, but some aspects are not advantageous for air defense. Especially, there is limited space and the air and naval bases of our adversaries are very near our country. In places, within seven to 10 minutes enemy airplanes can reach our political and economic centers—the enemy's air raid targets.

Under our present circumstance, it is necessary to understand the requirement of "solidity," with its morale content of bringing into play all possible capabilities of air defense in going all-out to attain maximum effectiveness in all war situations. Thus it has both a practical scientific nature and a traditional nature that have been expressed in the air defense principles developed in the past.

Our air defense of today includes retaliating against the enemy when they attack us, evading the enemy, and even counter-attacks against the enemy air force bases.

The experience of air defense in the world, and especially in our precious treasury of experience during the years of opposing the war of destruction waged by the U.S. imperialists, has been that air defense consists of two aspects: fighting the enemy and evasion.

During the war years, evading enemy air raids became a national strategic measure to preserve uninterrupted leadership and command guidance and ensure the people's safety in production and combat. The effectiveness of evasion was extremely great. While the North primarily opposed the war of destruction waged by air and naval forces, the evasion of air raids and civil defense were practically synonymous. In war to defend the fatherland, evading enemy air raids became an important content of civil defense. The state cannot do without the evasion of air raids because modern war will occur in all three environments. Plans to evade enemy air raids are part of the totality of civil defense plans drafted in peacetime, which means that they must be part of plans to transform provinces, municipalities, districts, and wards into solid defensive zones. Of course, in those plans "evasion" must be accompanied by "fighting the enemy." In modern air-defense combat, "fighting the enemy" must be more developed and active. We must fight enemy aircraft attacking us and immediately attack their air force bases.

Experience and calculations show that if bases are attacked effectiveness increases geometrically in comparison to attacking enemy aircraft in the air while they are attacking us. That is not to mention that when enemy bases are heavily damaged their air raid plan is disrupted. If only one airplane and one pilot are removed from combat at a base, the number of enemy attack sorties will be reduced, our air defense will not have to

cope with them, and there will be conditions for concentrating and intensifying firepower and increasing the effectiveness of fighting the other aircraft, and we will be at a much greater advantage.

Therefore, in addition to fighting and evading the enemy as in the past, we also emphasize counterattacks on enemy air force bases. In modern air defense combat art, we have also included in the campaign concept attacks against enemy air force bases.

The three aspects above may be taken as a relatively complete concept of modern strategic air-defense measures.

The principles regarding the organization and carrying out of air defense have continually developed in recent years. We may mention the following primary principles:

Air defense must be developed into a system. First of all, one must speak of the unity of a national air defense system.

To require the unity of a system is to build a combined air defense network that is sufficiently strong to defeat all enemy air raids in all situations.

If that is to be accomplished, first of all the system must have a very scientific structure.

The national air defense system consists of many component systems:

- An air defense reconnaissance, communication, and alert system.
- An air defense system to defend the targets and target zones.
- A system of air defense interceptor aircraft.
- An air defense system of the ground forces, navy, and local, militia, and self-defense forces.
- An air defense command and direction system.
- An air defense support system.

Those systems are equipped to form an air defense deployment in accordance with corresponding strategic, campaign, and tactical intentions on a national scale, in each air defense region, and at each specific important target. From that arises the concept of air defense strategic, campaign, and tactical deployments.

But no matter what the scope or scale, the unity of the system must first of all concentrate on the primary contents of close control, the timely detection of the enemy, solid management of the battlefield, and control of manpower and firepower against the enemy by an air defense system, to ensure the solidity of air defense.

The scientific over-all structure of an air defense deployment must also be based on correctly determining the role of each air defense force in the deployment.

We have air defense forces under the air defense armed forces branch (national air defense); air defense interceptor forces (now in the table of organization of the air force, in wartime they will be attached to the air defense branch); and the army, navy, and militia-self defense air defense forces. We also have the radar, missile, and anti-aircraft artillery combat arms, the electronic warfare troops, etc., among which the air defense armed forces branch plays the key role. Air defense artillery is a firepower combat arm with strong combat strength and extensive mobility capabilities. They are the principal force among the army, navy, local and militia-self defense air defense forces. The air force's interceptor air defense force is a firepower combat arm with strong attack force and great operational range. It is the most mobile force in air defense combat. Since missiles have been a component of our air defense forces, the air defense interceptor force, the air defense artillery, and the air defense missile force—three firepower combat arms—have coordinated closely in combat to create new strength, which proves that a strong air defense system cannot lack any component. That has a long-range theoretical and practical significance for air defense today and in the future. Today, air defense missiles account for a notable ratio of the above-mentioned components (the ratio of missiles among the army and navy air defense forces is small). In the reconnaissance support system, consisting of radar reconnaissance, visual observation, and the other forms of reconnaissance, the radar combat arm is the key component. The electronic warfare branch is still young and small, but it gained much experience in the war against the United States. It has played and is playing an important role and is an indispensable combat arm in modern air defense combat. The more modern a war, the greater its popular nature. In the recent people's war against the war of destruction, the local and militia-self defense air defense forces were the key components in organizing and waging local air defense; shooting down airplanes "with a hammer in one hand, a gun in the other" and "one hand on the plow, another on a gun" created a universal battlefield deployment with strong concentrated forces.

It is necessary to have many, and relatively sufficient, force components, with equipment of varying combat capabilities, but that is not sufficient to have a scientific, highly effective air-defense deployment. The important matter is to study combining the forces in accord with appropriate organizational principles, such as "air defense areas" and "air defense regions," and study the application of the organizational forms in combat, such as direct control, attachment, coordination, etc., i.e., to create a high degree of unity for the national air defense system.

- Maintaining a high degree of combat readiness and continuous combat strength, and increasing the vital capabilities of the air defense system are important principles of organizing and waging air defense under the present circumstances.

A high degree of air defense combat readiness has long been a principle but now new quality is demanded. Air defense must be prepared to defeat all schemes of the enemy air force.

Today, air raids may be carried out by forces which are not large but which are very effective and unexpected. They win victory in only a few minutes. Therefore, the significance of combat readiness and transforming the combat situation is very great with regard to the air defense forces. Concern for the combat readiness of air defense must be continuous. It is necessary to consolidate and strengthen the facilities and organization of the radar, communications, and information systems so that they can be more effective. Those systems, along with the firepower emplacements, must be deployed to form a deployment that can fight the enemy while they are still far away, while also directly defending the important targets. It must fight effectively beginning with the first enemy air raid without needing great mobility. It easily concentrates and mobilizes forces, adjusts deployments in a timely manner, and is sufficiently strong to defeat the succeeding blows.

One of the important contents of combat readiness is understanding the enemy air force, not only with regard to the numbers and types of aircraft, the combat stratagems, and the system of enemy airfields, but also correctly evaluating the enemy's capabilities and, especially, their electronic warfare capabilities.

Under the present conditions of our country, ensuring the supplying of modern, highly effective facilities for the task of understanding the enemy specifically and for maintaining the combat readiness of air defense in general is still very limited. Therefore, calculating, deploying, and effectively using the equipment must be placed in the forefront. Along with requesting aid, producing replacement parts for and repairing weapons and equipment, the air defense forces must care for and maintain equipment, especially the various kinds of valuable modern equipment, with the strongest sense of responsibility. That both manifests the viewpoint of economy and increases capability to achieve a high degree of combat readiness and maintain it over a long period. That issue has been dealt with in many articles by authors in the air defense branch and the other armed forces branches, and the technical combat arms. Therefore, we will not discuss it further here.

The same is true with regard to training to raise the troops' level of combat readiness: we will refrain from repeating opinions on which agreement has been reached. Here we will only concern ourselves with managing the training of the branch's reserve personnel and mobilizing those forces in wartime in a manner appropriate to the nation's situation, while also ensuring the air defense branch's combat readiness capability in accordance with the requirements of modern warfare.

Along with developing the important principles above, the air defense campaign art and tactics are developing

in accordance with the tendency of fully explaining and carrying on the wartime experiences, and developing them in the nation's actual situation and the conditions of modern warfare.

The actual concentrated combat activities of the vanguard air defense clusters in the past, the concentrated combat activities to defend Hanoi after 1967, and then the acme—the strategic campaign which defeated the strategic air raids by U.S. B-52 bombers in December 1972—reflected the formation and gradual development of air defense. Each battle and operational activity cycle became a partial air defense campaign.

Thus our air defense campaigns formed and developed in the actual situation of the anti-U.S. war, before there was campaign theory. Only since 1980, especially during the General Staff's maneuvers in 1981, 1982, and 1983, has attention been concentrated on studying, developing, and increasingly perfecting air defense campaign theory.

Today we have universal, complete concepts and knowledge regarding air defense campaigns. The General Staff and the air defense branch drafted the Air Defense Campaign Orders. The air defense branch has drafted theoretical documents regarding air defense campaign art.

Our air defense campaigns were born in the modern combat conditions of people's war, so the theory and art of air-defense campaigns are modern and popular in nature and selectively assimilate the new developments of world air-defense theory.

Air defense campaigns must be a summation of the battles, battle cycles, and other military activities, linked together in accord with the intention of defeating the campaign and strategic air raids of the enemy, and of fulfilling the strategic campaign missions that are assigned. Air defense campaigns can take place independently or in combination with the strategic campaigns. The time and space of a campaign are also dependent on the activities of the enemy. A campaign may take place at the beginning, in the course of a war, or to conclude a war. Indispensable requirements of an air defense campaign are resoluteness, positiveness, initiative, flexibility, close coordination, and not being taken by surprise. The forces participating in a campaign must be combined forces within the limited area of the campaign (not including coordinating forces in other areas). Main-force air-defense forces with modern equipment are the hard-core, primary forces. There may also be local, militia, and self-defense forces and the people's anti-aircraft forces. During a campaign there will take place air-defense battles, aerial battles, counterattacks against the enemy airfields, and other military activities intended to serve the goals of the campaign. The campaign operational method and combat methods (tactical forms) have been determined on the basis of theory and the actual experiences of air-defense units that have participated in air-defense campaigns.

To win victory in a campaign, there must be leadership, command, and direction unified in accordance with the decisions and plans that have been made. In recent years the air defense campaign staff and command work has continually been supplemented and perfected.

At first campaign theory and art determine the phases of the campaign (the continued existence and division of which also depend on the activities of the enemy). Ordinarily there are three phases:

The initial phase, the decisive phase, during which there occurs a contest for mastery of the air, and in which our air-defense campaign forces must ignore all enemy diversions, attempts to draw away our forces, create electronic interference, and defeat the forces challenging our air-defense and air forces. We must hold our ground and concentrate our forces to defeat the punishing enemy attacks on our primary targets. Ordinarily, in this phase there takes place key, decisive battles of very great significance with regard to morale and art, which have the effect of creating a balance of forces in our favor and good prospects for campaigns in the succeeding phases.

In the second phase, the campaign air-defense forces must continue to retaliate against the follow-on concentrated enemy attacks. Campaign art demands development of the victories that have been won by waging many decisive battles to rapidly bring the campaign to a conclusion. If difficulties are encountered in the first phase, in the second phase it is necessary to concentrate efforts on transforming the situation, keeping the initiative in the campaign, and creating new victories. In this phase, ordinarily the air-defense forces are reduced, which requires rational and reasoned calculations in using reserve forces to concentrate forces along the primary lines of attack by the enemy.

During the third phase, after the concentrated attacks, the enemy air force may still have forces, and may even have mobilized rather strong additional forces in hopes of fulfilling their attack missions. In this phase concentrated battles will still take place which may be key, decisive battles which inflict heavier damage on the enemy, disrupt their command, cause them to lose the capability of conducting concentrated raids, and force them to abandon their plan and end the raids. Our air defense system must rapidly restore its forces remain ready to fight in future battles. If it is an air defense campaign that is tied in with a strategic campaign, in addition to rapidly restoring our forces we must have renewed determination to change the campaign over to air defense combat in a combined-arms campaign.

In recent years air defense tactics have also been studied and developed continually, with regard to both theory and practice. That is also a lively component. During the war years very rich experience was gained in that regard, which has been studied, applied, and developed in accord with the equipment and new combat conditions. Tactics at the large unit level (high-level air defense combined arms tactics), and tactics of the small units, detachments, missiles, radar, and air defense artillery that were not uniform were determined and regularized.

The common development of tactics has followed the tendency of battles being the most important forms of air defense activities to win victory over the enemy air force. The concentrated combat activities, and the victorious air defense campaigns, must first of all be victories resulting from the battles. With regard to missiles and anti-aircraft artillery, they are air-defense battles, and with regard to air defense interceptor forces, they are aerial battles. Attention must be paid to unique characteristics of modern air defense battles.

First, modern air defense battles take place very rapidly and tactical surprise is easily achieved (the troops are tactically surprised). In contrast to wars in the past, when the enemy usually fought attack by attack, in waves and at high altitudes, today they usually carry out raids by means of forces and facilities capable of operating rapidly and at long distances, which reduces the time of the raid. The enemy air force uses air-to-ground missiles at a distance, comes in at low altitudes, and uses attack facilities with a high degree of accuracy, which permits a considerable reduction of the time of a raid. (During military conflicts in the Middle East in recent years, the opposing air forces made great efforts to fulfill their missions by means of meticulously prepared raids lasting at most an hour and sometimes only two to 15 minutes.)

Second, many types of air defense forces participate in the battles, there is a high degree of combined effort, and there is complicated coordination.

A matter very worthy of attention is that the role of electronic warfare in air defense combat has become greater than ever. Today, many military specialists in the world think that electronic warfare has been removed from a support role and has become one of the primary components of combat activity. It has been called a type of "soft weapon" that is advantageous and highly effective. It has been estimated that by the beginning of the 21st Century the battlefield will be full of electronic waves, which will form an electronic warfare network over the entire battlefield, both on the ground and in the air.

Third, today, in the combat process the activities intended to defend the targets and protect and preserve the air defense clusters themselves are almost organically related. When the effectiveness of the air defense facilities increases, it is inevitable that the enemy air force will use all means of annihilation to neutralize our forces and facilities, in hopes of slipping through our air defense zone. For that reason, if the air defense forces do not defend themselves they cannot fulfill their missions.

The above special characteristics, along with the traditional characteristics of air defense battles, have determined the requirements of preparing and carrying out air defense, and those characteristics are the preconditions for developing tactics and applying them to modern air defense combat today and in the future, with the viewpoint of developing and perfecting them so they can be appropriate to the new situation.

## ECONOMIC

### Agricultural Tax Law Made Public

902E0202A Hanoi NHAN DAN in Vietnamese  
16 Mar 90 p 2

[Text] To make the agricultural tax policy fair and rational so as to contribute to encouraging production development, promoting intensive cultivation and multicropping, increasing areas of crop growing, and producing large quantities of farm commodities for society;

On the basis of articles 80 and 83 of the Constitution of the SRV;

This law establishes the agricultural tax.

### Chapter I

#### General Rules

Article 1: Agricultural tax is a tax levied on the use of agricultural land or the use of other kinds of land in agricultural production and on the income earned from this land.

Article 2: Taxable agricultural land is land used in agricultural production, such as crop growing, animal husbandry, including raising of marine products or research and experiment having to do with crop growing and animal husbandry.

Taxable agricultural land is divided into two kinds:

—Land used to grow annual plants.

—Land used to grow perennial plants.

Article 3: Residential land of each rural household, to the extent specified in article 35 of the Land Law, is exempt from agricultural tax but is taxable in regard to other taxes as the law determines.

Article 4: Organizations and individuals (collectively called households) using land in agricultural production have the obligation to pay the agricultural tax determined in this law.

Article 5: Foreign organizations and individuals making investment in Vietnam are allowed to use land classified as income taxable according to article 26 and as rent payable according to article 29 of the Law on Foreign Investment in Vietnam, and are exempted from paying the agricultural tax determined in this law.

Article 6: All acts of evading payment of tax, dragging in paying tax, and violating the rules in this law are strictly prohibited.

### Chapter II

#### Bases for Computation and Agricultural Tax Tables

Article 7: The bases for computing agricultural tax are:

1. Area and category of land, regarding land used to grow annual plants.

2. Area and yearly volume of production, regarding land used to grow perennial plants.

Article 8: The area used to compute the agricultural tax is the one that is recorded in the register of the State Cadastral Office. In the case a locality has no cadastre yet, the area used to compute the agricultural tax is the one declared for tax computation purposes in the statement made by the land-using households and affirmed by the authoritative state organ.

Article 9: On the basis of soil fertility (agricultural chemistry and pedology) reflected in annual average yield obtained under average cultivation conditions in a locality, the land used to grow annual plants is divided into seven categories for tax computation purposes as follows:

Land category	Average all-year productivity of 1 hectare of cultivated land computed in kilograms of paddy or converted to paddy equivalent
1	6,000kg or more
2	From 5,000kg to less than 6,000kg
3	From 4,000kg to less than 5,000kg
4	From 3,000kg to less than 4,000kg
5	From 2,000kg to less than 3,000kg
6	From 1,500kg to less than 2,000kg
7	Less than 1,500kg

The basis used to determine average productivity of land category is the all-year output of crops, or the all-year volume of production of marine products converted to paddy equivalent, with computation of average using the figures of 5 previous years.

The category of land determined for tax purposes remains unchanged for five years.

The Council of Ministers provides detailed guidelines for determining the category of land for computation of agricultural tax in accordance with the rule set in this article.

Article 10: The yearly output used to compute the tax in the case of land used to grow perennial plants is the annual average output in different stages of harvest of each crop.

The output used to compute the tax remains unchanged for 3-6 years, depending on the harvest characteristics of each crop in each locality.

The Council of Ministers is to decide about determining the output used to compute the tax and the time in which this output remains unchanged for each kind of perennial plant.

Article 11: On the basis of geographic locations, climate, and weather, the land used to grow annual plants is divided as follows for tax computation purposes:

1. Mekong River delta villages
2. Red River delta villages
3. Eastern Nam Bo delta villages

4. Central coastal delta villages from Quang Nam-Da Nang to Thuan Hai
5. Former Zone 4 delta villages from Thanh Hoa to Thua Thien-Hue and delta villages of other zones
6. Midland villages and highland lower-altitude villages
7. Highland higher-altitude villages.

Article 12: The all-year tax rates for land used to grow annual plants are set as follows:

Tax Rates Computed in Kilograms of Paddy for 1 Hectare of Cultivated Land							
Land category	Mekong River delta villages	Red River delta villages	Eastern Nam Bo delta villages	Central coastal delta villages	Former Zone 4 delta villages and delta villages of other zones	Midland villages and highland lower-altitude villages	Highland higher-altitude villages
1	790	740	720	700	680	610	520
2	730	680	660	640	620	560	480
3	610	570	560	540	520	470	410
4	480	450	440	430	410	380	330
5	330	310	300	290	280	260	220
6	210	210	210	200	190	160	140
7	100	100	100	90	80	50	40

Article 13: Agricultural tax for land used to grow perennial plants, computed as percentage (%) of output and for various crops, is computed by the following tax rates:

Ordinal number	Group of crops	Tax rate (%)	
		Delta and midland villages	Highland villages
1	Fruit trees	from 14% to 16%	from 12% to 14%
2	Perennial industrial crops	from 12% to 14%	from 10% to 12%
3	Trees providing leaves	from 10% to 14%	from 8% to 12%
4	Trees providing timber	from 10% to 12%	from 8% to 10%
5	Other perennial plants	from 9% to 11%	from 7% to 9%

The Council of Ministers is to set the actual tax rates applicable to various kinds of perennial plants in different zones.

### Chapter III

#### Making Statement for Tax Computation and Making Agricultural Tax Books

Article 14: The tax-paying households are responsible for making statement in the tax computation forms provided by the tax organ and sending them to the organ directly in charge of collecting taxes in the first month of the tax year.

Article 15: Agricultural tax books are made once a year in accordance with administrative units. These books must be made no later than in the second month of the tax year.

Tax books are made in the same localities where the land concerned is managed and registered in the cadastral register.

Article 16: The names put in tax books are those of the heads of household or of the heads of the tax-paying households as determined in article 4 of this law.



Article 17: Agricultural tax books of villages and equivalent administrative units must be checked and approved by district people's committees and equivalent administrative units.

Before submitting tax books for approval, village people's committees and equivalent authorities must post the bases for tax computation and the level of tax computed for the year for each and every tax-paying household to allow all such households to make a comparison and to let the people offer their opinion in a period of 10 days.

#### Chapter IV

##### Collection, Payment of Agricultural Tax

Article 18: Tax books are the base for collecting and paying tax. Although agricultural tax is computed for the entire year, its collection mainly takes place in the time of harvest of the main crop of the year. The time for paying tax in each crop season and in each locality is set by provincial people's committees or equivalent administrative units.

Article 19: Agricultural tax is computed in paddy for land used to grow annual plants and in agricultural products provided by the crops grown for land used to grow perennial plants.

Agricultural tax is paid in cash; in exceptional cases, the tax computed for land used to grow annual plants can be paid with paddy. The collection of paddy as tax payment is decided by the chairman of the Council of Ministers.

Prices of paddy as tax payment for land used to grow annual plants and prices of agricultural products as tax payment for land used to grow perennial plants are average current prices of paddy and agricultural products of good quality in the localities concerned and in each tax collection season, and are decided by provincial people's committees and equivalent administrative units after the Ministry of Finance has given its opinion.

Article 20: No later than 10 days prior to the tax collection day, the organ directly in charge of collecting agricultural tax in a locality must send notices to all tax-paying households to inform them of the amount of tax to be paid in cash or with paddy, the location, and the time set for tax payment.

Article 21: The tax-paying households must pay the full amounts of tax at the designated location and at the time set by the tax organ. If tax is paid with paddy, this paddy must satisfy the quality standard set by the Council of Ministers.

Households paying tax with paddy are responsible for transporting it to the state storehouse; the maximum distance for transportation is 5 kilometers, from the center of the village, subward, or town to the state storehouse.

In the case the distance for transporting tax-payment paddy exceeds the set maximum, the organ that accepts this paddy must pay transportation fee for the distance that exceeds the maximum to the tax-paying households, using as basis the current fee rate applicable to the locality concerned.

Article 22: When collecting tax, the agricultural tax organ must give to the tax-paying households receipts or documents showing the tax that has been paid by order of the Ministry of Finance.

Article 23: In exceptional cases of paddy being collected as tax payment, the organs that accept paddy as payment of agricultural tax must periodically settle it with the state budget. Within 10 days after the end of the tax season, these organs must settle and fully balance the accepted paddy with the financial organs so as to put into the state budget the entire amount of tax collected and put in storehouses.

Article 24: In a period of 15 days after the end of the tax season, the organ directly in charge of collecting tax must fully settle the tax that has been collected from and paid by each and every tax-paying household, post the list of tax payers and results of tax collecting to let the people know, and at the same time make a report to send to the superior tax organ.

Article 25: The organs responsible for collecting the agricultural tax must pay fully and in time the tax that has been collected into the state budget.

#### Chapter V

##### Reduction, Exemption of Agricultural Tax

Article 26: Newly-opened land put to use for agricultural production is exempted from taxation for periods counting from the first harvest season as follows:

1. For land used to grow annual plants, 3 years.
2. For land used to grow perennial plants, except for land used to grow trees to provide timber, one year.

Article 27: In the case of land in the highlands, where the people have just switched to settled farming and settled life, hence, their living conditions are far from stable, or in the case of highland high-altitude land, if there still exist many difficulties in production, provincial people's committees or equivalent administrative units consider such cases and determine the time in which reduction or exemption of the agricultural tax will be granted.

Article 28: Agricultural tax is reduced or exempted in the case of natural calamities having caused heavy damages to crops as follows:

1. For land used to grow annual plants:
  - a. The tax is reduced if losses amount to 15-50 percent of the taxable output.

b. The tax is exempted if losses exceed 50 percent of the taxable output.

The taxable output used as a basis to determine the percentage of losses in order to consider reduction or exemption of tax equals to the total area used for tax computation purposes multiplied (X) by the average output of the different kinds of taxable land of the tax-paying unit.

2. For land used to grow perennial plants:

a. The tax is reduced if losses amount to 30-70 percent of the taxable output.

b. The tax is exempted if losses exceed 70 percent of the taxable output.

Article 29: In the case the income of tax-paying households suffers from substantial decreases due to reorganization of production or changes of economic and technical projects and plans, which are considered and approved by authoritative state organs, these households will be granted, after consideration, either reduction or exemption of the agricultural tax.

The maximum time in which either reduction or exemption of tax is granted is set as follows:

a. Two years counting from the first crop season in which economic and technical projects and plans are changed, for land used to switch to growing annual plants.

b. The time required for capital construction plus one year, counting from the first harvest season, for land used to switch to growing perennial plants.

Article 30: Tax reduction and exemption recommendations by villages and equivalent administrative units, before being forwarded to superior people's committees for consideration and approval, must be posted for the people to know in order to solicit their opinion. The time to collect the people's opinion is 10 days from the day the recommendations are posted.

Decisions on tax reduction and exemption must be notified in time to the tax-paying households concerned and made public for the people to know.

Article 31: The Council of Ministers is to actually decide about tax reduction and exemption in the cases mentioned in articles 26, 27, 28, and 29 of this law.

## Chapter VI

### Organization of Observance

Article 32: The National Assembly and the Council of Ministers supervise the observance of the Agricultural Tax Law.

People's councils at different levels supervise the observance of the Agricultural Tax Law within their localities.

Article 33: The Council of Ministers leads the efforts to organize doing all of the work involving the agricultural tax throughout the country.

Article 34: The Minister of Finance is responsible for organizing, leading, and controlling the fulfillment of agricultural tax work throughout the country; supervising and unifying all activities of the taxation sector; and resolving complaints and petitions on agricultural tax that fall into his jurisdiction.

The Land Management General Department chief is responsible for organizing, leading, and controlling surveying land, setting up cadastres, and issuing land use registration certificates to individual tax-paying units; coordinating work with the Ministry of Finance in determining the kinds of taxable land for localities throughout the country; and submitting the results of this work to the Council of Ministers chairman for approval, which will be used as bases for computation and collection of tax.

Article 35: Chairmen of people's committees at all levels lead and control the observance of the Agricultural Tax Law in their localities.

Article 36: The VFF [Vietnam Fatherland Front], Federation of Trade Unions, Farmers' Association, Ho Chi Minh Communist Youth Union, Women's Union, scientific associations, and other social organizations, as well as all citizens have the task of supporting state organs in carrying out the measures aimed at seriously observing the Agricultural Tax Law.

State organs, within the limits of their tasks and powers, are responsible for fully examining petitions from organizations and individuals regarding observance of the Agricultural Tax Law.

Heads of sectors, within the limits of their powers and responsibilities, organize and lead the observance of the Agricultural Tax Law in connection with the organizations under their management.

Article 37: Households having the obligation to pay the agricultural tax must correctly declare the area and output of their land used to grow annual and perennial plants and pay fully and in time the tax they are required to pay.

Article 38: The central tax organ is responsible for assisting the Minister of Finance in carrying out the agricultural tax work throughout the country.

Local tax organs at all levels are responsible for assisting the people's committee at their level in carrying out the agricultural tax work in their locality under the leadership of their superior tax organ.

Agricultural tax organs at village and equivalent level have the task of assisting the people's committee at their level in computing tax, setting up tax books, considering and recommending tax reduction and exemption, and

organizing collection and payment of tax and professional agricultural tax work in their locality.

Article 39: If necessary, people's committees at village and equivalent level can establish agricultural tax councils at village or equivalent level to serve as advisory bodies in matters having to do with their agricultural tax work.

Agricultural tax councils are responsible for taking part in the work in connection with the following matters:

- Areas used for tax computation, kinds of taxable land used to grow annual plants, output for tax computation of land used to grow perennial plants.
- Amounts of tax to be paid by tax-paying households.
- Different cases of recommended tax exemption, tax reduction, and time of nontaxability as determined in articles 26, 27, 28, and 29 of this law.
- To resolve complaints about the agricultural tax.

The makeup of village agricultural tax councils is as follows:

- Chairman of the village people's committee.
- Representatives of the people's council; chapters of the Farmers Association, VFF, and Women's Association; and organs in charge of land management and agricultural tax in the village concerned.

## Chapter VII

### Dealing With Violations and Giving Rewards

Article 40: 1. How to deal with violations of the Agricultural Tax Law is determined as follows:

- a. Those who make false statement, cheat on tax, and evade payment of the tax, in addition to fully paying the back tax they owe as determined in this law, must also pay fines ranging from 100 to 200 percent of the tax involved.
- b. Those who use land in agricultural production without reporting it as determined in article 14 of this law, in addition to paying the back tax, must also pay fines ranging from 100 to 200 percent of the unreported tax.
- c. Those who lag behind in paying tax or paying a fine must each day be charged with additional fines amounting to .5 percent of the tax or payment they owe.
- d. If the organs that receive agricultural tax paddy are late in settling it with the state budget as determined in article 23 of this law, they are charged each day they fail to settle it fines equal to .5 percent of the amount of money they fail to pay.
- e. Organizations and individuals who lag behind and are reluctant to pay the tax or fines or to settle tax money with the state budget are dealt with as follows:

—To draw the money they have deposited in the bank (if any) in order to cover payment of tax and fines or to settle the tax paddy.

—To temporarily hold their assets being commodities or agricultural products in order to ensure full payment of tax, fines, or money used to settle the tax paddy.

—To carry out the procedures of making a detailed list of assets as the law requires in order to ensure having the money to cover the unpaid tax and fines.

2. Those who have evaded payment of large amounts of tax, have committed other serious violations, or have been dealt with in accordance with points a, b, c, d, and e of item 1 of this article, and now repeat the same offense will find criminal proceedings conducted against them in accordance with the law.

3. The Council of Ministers determines the powers to deal with the violations specified in this article.

Article 41: Those who obstruct or instigate others to obstruct the observance of this law, or obstruct the investigation and handling of violations of this law, depending on the degree of gravity of their action, will receive administrative punishment or will find criminal proceedings conducted against them in accordance with the law.

Article 42: Those who take advantage of their position and powers and seize or act in a corrupt manner to take the agricultural tax must pay back to the state the entire amount of tax they have taken and, depending on the seriousness of their violations, will be subjected to disciplinary action or administrative punishment or will find criminal proceedings conducted against them.

Those who take advantage of their position and powers and protect violators of the Agricultural Tax Law, deliberately act against the rules set in this law, and act irresponsibly while carrying out the Agricultural Tax Law, depending on the seriousness of their violations, will be subjected to disciplinary action or administrative punishment or will find criminal proceedings conducted against them.

Article 43: The Council of Ministers determines the procedures for giving rewards to:

1. The tax organs and tax cadres who have properly fulfilled the task assigned to them.
2. Those persons who have assisted the tax organs in discovering cases of tax evasion, tax cheating, and seizure of and corrupt action involving the agricultural tax.

## Chapter VIII

### Complaints and Time Limit

Article 44: Organizations and individuals who find that the agricultural tax policy is wrongly implemented against their unit or themselves have the right to complain to the people's committee where their tax books are

set up. In the case they do not agree to the decision made by the people's committee where they have submitted the complaint, they have the right to bring the complaint to the people's committee directly superior to the one they have come to in the first place. The decision of the superior people's committee will take effect.

Organizations and individuals being dealt with in accordance with articles 40, 41, and 42 of this law have the right to bring their complaint to the state organ directly superior to the one that has handled their case. While awaiting a solution, the people who make the complaint must pay fully and in time the tax and fines that have been set or correctly carry out the decision made by the organ that has handled their case.

Article 45: Complaints must be sent to the state organ in charge of resolving the matter within 30 days from the day a notice showing the tax and fines to be paid has been received, or from the day the allegedly wrong tax and fines have been paid.

The organ that receives the complaint must consider and resolve it within 30 days from the day it has received the complaint. Beyond this time limit, the persons who make the complaint have the right to bring the complaint to the organ directly superior to the organ that has received the complaint but has not yet dealt with it.

Tax organs must renotify the amount of tax or fines to be paid, or pay back the amount of tax or fines they have wrongly collected, within 15 days from the day the decision on the case has been notified.

Article 46: The Council of Ministers determines the powers of the people's committees and tax organs at all levels to resolve complaints having to do with the agricultural tax.

Article 47: If tax organs discover, investigate, and conclude that there have been false statement, cheating, evasion of payment of tax, or mistakes in tax matters, they have the right to order payment or reimbursement within 3 years from the day the false statement, cheating, evasion of payment of tax, or mistakes in tax matters have been committed.

## Chapter IX

### Last Articles

Article 48: This law replaces the current regulation on the agricultural tax.

The rules that have been set in the past in connection with the agricultural tax and are contrary to this law will be abolished.

Article 49: The Council of Ministers determines the details to be observed in carrying out this law.

## New Customs Regulation Issued by Council of State

90A50088A Hanoi NHAN DAN in Vietnamese  
7 Mar 90 pp 3, 4

[Text] [Boxed item] On the basis of article 100 of the Constitution of the SRV and article 34 of the Law on Organization of the National Assembly and the Council of State, Council of State Chairman Vo Chi Cong on 24 February 1990 signed an order to make public the Customs Regulation approved by the Council of State on 20 February 1990. The text of the regulation is as follows: [end boxed item]

In order to ensure the State's policy on the development of our economic and cultural relationship with other countries, contributing to strengthening our international cooperation, protecting the country's interests and sovereignty;

In compliance with articles 21, 46, and 100 of the constitution of the Socialist Republic of Vietnam;

This regulation determines the State's regulations on Customs.

## Chapter I

### General Rules

Article 1: The Socialist Republic of Vietnam state creates favorable conditions for export and import activities and entries and exits through Vietnam's borders on the basis of obeying Vietnam's laws and the international agreements related to customs activities which the Socialist Republic of Vietnam has signed or recognized.

Article 2: 1. The borders for customs control of the Socialist Republic of Vietnam are the national borders.

2. Goods, luggage, foreign exchange, Vietnamese currency, parcel post, mail items, export and import objects and other properties, means of transportation used for exits, entries, crossings of border, and transit through Vietnam (from now on called objects of customs control and inspection), when passing through Vietnam's borders, must all be subjected to the state customs management as dictated in this regulation.

3. When necessary, the state of Vietnam sets up areas in which customs control is waived.

Article 3: 1. Within the task and powers determined in this regulation, the Vietnam Customs Office (VCO) carries out the state customs management function regarding all export, import, exit, entry, border crossing, and in-transit activities, and fights against smuggling or illegal transporting of goods, foreign exchange, and Vietnamese currency through the borders.

2. Within its activities, the VCO obeys Vietnamese laws and international agreements on customs activities which the Socialist Republic of Vietnam has signed or recognized.

Article 4: 1. As it carries out its task and powers, the VCO closely coordinates its work with that of local administrations at all levels, the armed forces, other state organs, and social organizations; depends on the people; and submits itself to the people's check.

2. Local administrations at all levels, the armed forces, other state organs, social organizations, and all citizens are responsible for cooperating with and assisting the VCO in fulfilling its task; offering critical and constructive opinions on the VCO; and complaining about and denouncing any wrongdoings of VCO staff members, and requesting them to correctly carry out their task and powers.

## Chapter II

### Organization, Task, Powers of the VCO

Article 5: 1. The VCO is organized according to the principle of centralization and unification under the direct leadership of the Council of Ministers.

The VCO organization consists of:

- Customs General Department;
- Provincial or interprovincial customs, customs at municipal-and-subordinate-to-the-central-government and equivalent level;
- Port of entry customs, and customs control units.

2. The jurisdiction of the VCO includes port of entry areas; sea ports, international river ports, international civil airports; international mail; and customs control areas on borders, the coast, islands, and in the zone contiguous to territorial waters and inland locations designated by this regulation.

3. The actual territorial sphere of work of the VCO and extent of its control areas; the organization of its machinery, system of positions, and procedures of service; and the customs pennant, badges, insignia, uniforms, and identification documents are to be determined by the Council of Ministers.

4. The VCO is equipped with the technical and professional means and weapons necessary to carry on its task.

Article 6: The VCO has the following task and powers:

1. To carry out customs procedures and to conduct customs control, inspection, and check in accordance with the rules set in this regulation;
2. To ensure implementation of the state regulations on export, import, export and import duties, and other obligations within the limits of authority determined by law;

3. To carry out measures to discover, prevent, investigate, and handle smuggling activities or illegal transportation of goods, foreign exchange, and Vietnamese currency across borders, and violations of other state customs regulations within the limits of authority determined by law;

4. To compile state customs statistics;

5. To propose resolutions on state management positions and measures regarding export, import, exit, entry, border crossing, and transit activities; to guide organizations and individuals toward carrying out the state regulations on customs;

6. To provide VCO staff members with elementary and advanced training;

7. To take part in international cooperation with other countries' customs offices.

Article 7: 1. VCO staff members must be people having political quality and legal knowledge; understand the state policies on economic and cultural relations with foreign countries, on international exchange and cooperation; and have good specialized and professional background, organizing capabilities, and discipline.

2. VCO staff members have the obligation to seriously carry out state laws and the VCO regulations and statutes; to respect and protect properties, rights, and legal interests of organizations and individuals.

Article 8: Vietnamese citizens who serve in the VCO are considered fulfilling their military obligation, and are granted salaries, seniority allowances, and other benefits to be determined by the Council of Ministers.

Article 9: VCO staff members who have scored outstanding achievements are awarded, depending on the extent of such achievements, orders, medals, state honorary titles, and other forms of commendation; if they are wounded, are sick, or die while fulfilling their official duties, they themselves and their families are to be granted special privileges to be determined by the Council of Ministers.

Article 10: 1. VCO staff members who violate the VCO regulations and statutes will be subjected to disciplinary action; if they commit a criminal offense, they will be prosecuted in a people's court.

2. Material damages caused by VCO staff members to organizations and individuals while they carry out their task must be reimbursed by the responsible customs office.

Article 11: Any acts of hampering or resisting VCO staff members while they carry out their task are strictly prohibited.

### Chapter III

#### Customs Procedures

Article 12: 1. The customs procedures consist of the following:

- a. To give information and to submit a customs statement; to submit or to show permits and other necessary papers in accordance with what the law dictates;
- b. To bring the objects of customs control to the designated locations for such control to be carried out;
- c. To fulfill the obligation for paying export and import duties, and other obligations as the law dictates, and to pay customs fees;

2. After the customs procedures have been fulfilled, VCO staff members are to confirm this fulfillment in the customs statement.

3. The customs procedures must be open, prompt, and convenient.

The Council of Ministers is to actually determine the customs procedures and fees.

Article 13: VCO staff members must have a civilized and courteous attitude, and have the responsibility for guiding organizations and individuals toward fulfilling the customs procedures.

Article 14: The objects of customs control, after having fulfilled the customs procedures, are allowed to leave the country or to enter the country, and to travel within Vietnam.

### Chapter IV

#### Customs Control and Inspection Procedures

##### Section 1

##### General principle

Article 15: 1. Goods, luggage, foreign exchange, Vietnamese currency, parcel post, mail items, export and import items, and means of transportation for exit and entry, at the time the customs procedures are carried out, must be subjected to customs control.

2. Goods, luggage, foreign exchange, Vietnamese currency, parcel post, mail items, and means of transportation, which have entered the country but have not yet fulfilled customs procedures, or have fulfilled customs procedures but have not left the country, all must be subjected to customs inspection.

Article 16: The time for customs control and inspection is figured out as follows:

1. From the point in time when customs staff members receive the objects of control and inspection to the time of actual departure;

2. From the point in time when customs staff members receive the objects of control and inspection upon their arrival at the first port of entry to the time of completion of customs procedures.

Article 17: 1. Customs inspection is carried out in the presence of owners of the objects of control, or their legal representatives, at the customs control location, the port of entry, or at other inland locations accepted by the VCO.

2. In the case of urgency, because of security and environmental sanitation reasons, customs staff members have the authority to decide to check unaccompanied goods and luggage in the presence of representatives of the transportation agency.

Article 18: 1. When control and inspection takes place, if there is a basis for suspecting that goods, foreign exchange, Vietnamese currency, and export and import items are illegally exported and imported as they are concealed by the exporters and importers concerned or hidden in the goods, luggage, parcel post, mail items, and means of transportation which are about to exit or enter, the chief of the customs office at the port of entry or higher customs officer will have the authority to decide to examine these persons or to ask that they open anything where the concealed items may be found.

2. When illegal goods, foreign exchange, Vietnamese currency, and export and import items are found, the customs office chief or higher customs officer will have the authority to decide to temporarily hold such items for proper resolution later.

3. Examination, search, and temporary holding must be conducted in accordance with the law. The person making the decision must be responsible to the law for his/her decision.

Article 19: Exported and imported goods and luggage, while undergoing customs control and inspection, must be marked with customs seal if they are to be placed in storage.

##### Section 2

##### Customs Control and Inspection Regarding Exported and Imported Goods

Article 20: The following goods, at the time of their being exported and imported, must undergo customs control and inspection in accordance with the rules in this regulation:

1. Goods owned by export and import business organizations, other organizations, and individuals;
2. Goods owned by foreign organizations and individuals through investment and industrial transfer;
3. Goods sold, bought, or exchanged between economic organizations and owners of foreign means of transportation in Vietnam;

4. Sample goods used for advertisement, exhibit, or participation in a fair;
5. Goods sold, bought, or exchanged for the purpose of serving daily needs between residents in Vietnamese border areas and residents in border areas of neighboring countries;
6. Transferred and inherited properties;
7. Postal stamps;
8. Goods of other kinds in accordance with the state rules on export and import.

Article 21: The VCO controls exported and imported goods by relying on the state rules on export and import, export-import permits, and other necessary papers in accordance with the law and by comparing such papers with customs declarations and the goods themselves.

### Section 3

#### Customs Control and Inspection Regarding Exported and Imported Luggage, Foreign Exchange, and Vietnamese Currency

Article 22: 1. The exported and imported luggage to undergo customs control and inspection in accordance with the rules in this regulation contains items needed for personal use by passengers leaving or entering the country, or for their trip, and by persons working on the means of transportation leaving or entering the country, and includes luggage carried by hand, and checked-in accompanied or unaccompanied luggage.

2. The Customs General Department is responsible for announcing the standards set for luggage by the Council of Ministers.

Article 23: 1. The VCO controls exported and imported luggage by relying on the state rules on export and import, luggage standards, and permits issued for articles to be handled by the specialized management organs in accordance with the law and by comparing them with customs declarations and the luggage itself.

2. Customs procedures and control for articles that exceed the standards set for luggage will be those that are applicable to exported and imported goods.

Article 24: The VCO controls exported and imported foreign exchange and Vietnamese currency by relying on the state rules on management of foreign exchange and by comparing with customs declarations and the foreign exchange and Vietnamese currency themselves.

### Section 4

#### Customs Control and Inspection Regarding Exported and Imported Parcel Post and Mail Items

Article 25: 1. The parcel post and mail items to undergo customs control and inspection in accordance with the

rules in this regulation include exported and imported parcel post, and mail containing exported and imported articles and goods.

2. The VCO controls exported and imported parcel post and mail items by relying on the state rules on export and import, and permits issued for articles to be handled by the specialized management organs in accordance with the law, and by comparing with customs declarations and the parcel post and mail items themselves.

Customs control is carried out in the presence of senders of parcel post and mail items, or of postal organs.

Where there is no customs office, the postal organ there carries out customs procedures regarding parcel post and mail items in accordance with the rules in this regulation and guidelines provided by the Customs General Department.

3. Customs procedures and control for goods contained in parcel post and mail items will be those that are applicable to exported and imported goods.

Article 26: The postal service may deliver and forward only those parcel post and mail items that have fulfilled customs procedures.

### Section 5

#### Customs Control and Inspection Regarding the Means of Transportation for Exit and Entry

Article 27: The means of transportation to undergo customs control and inspection in accordance with the rules in this regulation include those traveling by land, railroad, air, river, and sea, and other means of transportation used for exit and entry.

Article 28: 1. The VCO controls the means of transportation by relying on exit and entry permits; manifests showing goods and luggage; declarations of fuel, materials, grain, foods, and equipment and machinery used on the means of transportation; lists of passengers and crew members on the means of transportation; technical files, logs, and other necessary papers of the means of transportation, and by comparing them with those things themselves.

2. Fuel and materials for the means of transportation and grain and foods for crew members and passengers on the means of transportation for exit and entry must undergo customs inspection.

Article 29: 1. During the time customs control and inspection take place, commanders and operators of the means of transportation for exit and entry have the obligation:

- a. To ensure that their means go through the specified port of entry and route, and proceed to the right designated place for fulfilling customs procedures;

b. To create favorable conditions for the VCO to check and, when necessary, to fix a seal to the means of transportation;

c. Not to destroy, discard, or swap goods and luggage.

2. If for technical reasons or because of an accident or some other emergency the commanders or operators of the means of transportation cannot fulfill the obligation described in item 1 of this article, they are allowed to take any necessary measures to prevent and limit all possible losses, but immediately afterwards they must notify the customs office or people's committee in the nearest locality.

Article 30: Loading and unloading and transfer of, and changing of cars carrying exported and imported goods and luggage which have not yet undergone customs procedures, or prior to actual departure, must first receive approval and undergo inspection of the customs office.

Article 31: To carry out their control and inspection task, VCO staff members have the authority to board the means of transportation used for exit and entry at the designated location or while they are moving within the customs control area.

Article 32: 1. When there is a good reason to believe that aboard the means of transportation there are concealed goods, luggage, foreign exchange, Vietnamese currency, or illegally exported and imported articles, and there are signs of serious violation of the national interests, the chief or a higher officer of a port of entry customs office has the authority to temporarily delay the departure of the means of transportation to complete a search and inspection.

2. The search and inspection must be carried out in accordance with the law. The decision maker must be responsible to the law for his or her decision.

Article 33: Right after the landing of an incoming aircraft and before the takeoff of an outgoing aircraft, its captain must show or submit to the port of entry customs office of the international civilian airport being used the necessary papers as specified in article 28 of this regulation.

Article 34: 1. Vietnamese or foreign ships and boats moving in the zone contiguous to Vietnam's territorial waters must submit themselves to customs control.

2. Exit and entry ships and boats, while moving inside Vietnam's inland and territorial waters, must follow the designated routes, anchor in the right spot, and enter the designated port, except for cases of legitimate reasons and permission granted by Vietnam's authoritative organs.

3. No later than 24 hours after the arrival in port of entry ships and boats and at least 2 hours before the departure of exit ships and boats, their captains must show or

submit to the port of entry customs office in the international sea or river port being used the necessary papers as specified in article 28 of this regulation.

Article 35: Ships and boats carrying exported and imported goods that have not yet undergone customs procedures, while moving in Vietnam's inland and territorial waters, must register and apply for permits from customs authorities of provincial and higher level.

Article 36: When an international multi-mode transportation train arrives at a border railroad station or leaves an inland international multi-mode transportation railroad station, the chief of the train must show or submit to the station customs office the necessary papers as specified in article 28 of this regulation.

## Chapter V

### Other Regulations

#### Section 1

##### Procedures for Privileges and Exemptions

Article 37: 1. The luggage and means of transportation of the people who are granted diplomatic immunity, the means of transportation of diplomatic missions, and the luggage and means of transportation of other special subjects are exempted from customs control.

2. The Council of Ministers is to actually determine who are the people, missions, and other special subjects as mentioned in item 1 of this article.

Article 38: Diplomatic pouches are exempted from declaration and customs control.

Article 39: The Council of Ministers is to determine the privileges applicable to customs procedures regarding the objects used for the needs of work and daily activities of diplomatic missions and international organizations in Vietnam and of foreigners working in these missions and organizations.

Article 40: The head of the Customs General Department has the authority to decide:

1. To inspect the luggage and means of transportation as mentioned in item 1 of article 37 of this regulation if there is reason to believe that in these luggage and means of transportation there are articles the export and import of which are prohibited, or articles that are not among those being granted privileges and exemptions from customs procedures in accordance with the Convention on Diplomatic Relations.

2. Not to let diplomatic pouches go through the border if there is reason to believe that they are being misused for purposes contrary to the Convention on Diplomatic Relations.



**Section 2****Military Means of Transportation Used for Exit, Entry, Border Crossing, and Transit Activities**

Article 41: 1. The Council of Ministers is to determine the customs procedures and customs control and inspection applicable to the military means of transportation used for exit, entry, border crossing, and transit activities.

2. The exit and entry military means of transportation that carry passengers, goods, and civilian luggage must undergo customs procedures and customs control and inspection as determined in this regulation.

**Section 3****Border-Crossing and In-Transit Goods, Luggage, Parcel Post, Mail Items, and Means of Transportation**

Article 42: Border-crossing and in-transit goods, luggage, parcel post, and mail items must undergo customs inspection from the time they arrive at the first port of entry until their actual departure but are exempted from customs control, except when there are signs of violation of the law.

Article 43: 1. The means of transportation that cross the border or are in transit must undergo customs inspection in accordance with the law but are exempted from customs control, except when there are signs of violation of the law.

The time in which the border-crossing and in-transit means of transportation undergo customs inspection starts from their arrival at the first port of entry and lasts until their crossing Vietnam's border.

2. When they carry out the task of inspecting the border-crossing and in-transit means of transportation, customs office staff members have the powers mentioned in article 31 of this regulation; the heads of port of entry customs offices and officers of higher rank have the powers mentioned in articles 18 and 32 of this regulation.

3. When the border-crossing and in-transit means of transportation arrive at the first Vietnamese port of entry, their commanders or operators must make declarations and submit customs statements; submit or show permits and other necessary papers in accordance with the law; and during the time of customs inspection, make sure to keep the same arrangement and order of loading of goods and luggage, and to comply with the obligation as determined in article 29 of this regulation.

4. Any change of the border-crossing and in-transit means of transportation during the time of customs inspection must be approved by customs office. If goods are to be temporarily stored in a warehouse or storage yard, the commanders or operators of these means of transportation must notify the nearest customs office for inspection.

**Section 4****Temporary-Exit and Temporary-Entry Goods and Luggage**

Article 44: 1. Temporary-exit and temporary-entry goods and luggage must get permission from customs office and undergo customs procedures.

2. Temporary-exit and -entry goods and luggage that do not reenter or reexport, respectively; do not agree to the customs statements at the time of temporary exit or temporary entry; or exceed the time granted in the customs permission must be handled in accordance with the law.

**Section 5****Drifted, Discarded, or Unclaimed Exported and Imported Goods and Luggage**

Article 45: 1. When exported and imported goods and luggage that are drifted and discarded at sea, in border rivers, or in inland spots along the border and port of entry and unclaimed exported and imported goods are discovered, the people's committees, border guard garrisons, or transportation organs involved are to collect them and at the same time to notify the nearest customs office so as to carry out customs procedures. This customs office is responsible for notifying owners of such goods and luggage; if parcel post and mail items are involved, it must notify the nearest postal office in order to jointly resolve the matter.

2. Owners of such exported and imported goods and luggage can claim them after having fulfilled customs procedures and reimbursed the costs.

3. After a period of 6 months from the day the notice is received, if owners of such goods and luggage give no response to it, the customs office can proceed with writing them off in accordance with the Council of Ministers' ruling.

**Chapter VI****Fighting Smuggling or Illegal Transportation of Goods, Foreign Exchange, and Vietnamese Currency Across the Border**

Article 46: 1. When the VCO carries out control and inspection, it has to fulfill the task of organizing the fight against smuggling or illegally transporting goods, foreign exchange, and Vietnamese currency across the border, and to take measures to discover, prevent, investigate, and handle violations in accordance with the law.

2. Beyond its jurisdiction, the VCO is to coordinate its work with the organs that have the authority to fight smuggling or illegally transporting goods, foreign exchange, and Vietnamese currency across the border.

Article 47: 1. All activities involving the transportation of exported and imported goods, luggage, foreign

exchange, Vietnamese currency, parcel post, and mail items within the customs control zone must be subjected to the VCO's control.

2. When they are carrying out the control task, customs office staff members have the authority to ask owners of goods and luggage and commanders or operators of the means of transportation to show them any necessary papers; if there is reason to believe that illegally exported and imported goods, foreign exchange, Vietnamese currency, and other articles are concealed on the body and in the goods, luggage, and means of transportation, the heads of customs control units have the authority to decide to have a body search, to ask owners to open where they may be hidden for inspection, to temporarily hold the goods and articles involved in order to deal with them, and to be responsible to the law for his or her decision.

Article 48: In localities along the national borders where there are no customs offices, members of the Border Guard are responsible for controlling, discovering, preventing, and fighting against smuggling and illegal transportation of goods, foreign exchange, and Vietnamese currency across the border, and handling violations in accordance with the law.

## Chapter VII

### Rewards, Handling of Violations

Article 49: Those who reveal or discover or assist the organs in charge in fighting against smuggling or illegally transporting goods, foreign exchange, and Vietnamese currency across the border and against violations of other state customs regulations, and who discover and protect the exported and imported goods and luggage that are drifted, discarded, or unclaimed will be rewarded in accordance with the general praise and reward system of the state.

Article 50: Those who violate the regulations on customs procedures, and on customs control and inspection; smuggle or illegally transport goods, foreign exchange, and Vietnamese currency across the border; fight and prevent customs staff members from carrying out their task; and violate other state regulations on customs, depending on the gravity of such violations, will be either subjected to disciplinary action or administrative punishment or prosecuted in court for criminal responsibilities in accordance with the law.

## Chapter VIII

### Last Article

Article 51: This regulation takes effect on 1 May 1990.

All previous regulations that are contrary to this regulation are hereby abolished.

Hanoi, 20 February 1990

For the Socialist Republic of Vietnam Council of Ministers

Signed: Chairman Vo Chi Cong

### Conference on Problems in Managing Capital Construction

902E0207A Hanoi NHAN DAN in Vietnamese  
17 Apr 90 p 2

[Article by Xuan Thuy, Thu Thanh, and Tran Kham]

[Text] Council of Ministers' Resolution 217 and the policy on a multi-faceted economic structure have created a new style in economic activities in general and in capital construction in particular. However, with that development, along with the positive aspects, confusion and negative aspects have begun to appear also, and these are creating many losses and much waste and having a bad effect on the quality and results of the construction projects. In order to strengthen management and put capital construction activities on the right track, the Ministry of Building and the editorial staff of NHAN DAN organized a conference at the Vinh Phu Building Service on managing local capital construction. Attending the conference were 46 representatives from central and local building units and 120 representatives from research and management organizations, including 16 directors and deputy directors from 18 northern (from Nghe Tinh on north) provincial building services. The Vinh Phu provincial CPV Party Committee secretary, People's Committee chairman, and Council of Ministers chairman attended and inspired the conference.

**Strengthening management is both a target and a requirement. From where can we obtain capital?**

Opening the conference, Ha Dan, the editor in chief of NHAN DAN, summarized the theme of the conference: Money for capital construction has been, is now, and will continue to be very limited. What can be done to build many more durable and beautiful projects with the limited funds available? What can be done to prevent confusion in construction and ensure quality and good results? These are questions concerning state management that need to be clarified. Khuc Van Thanh, the vice minister of building, pointed out 10 problems that need attention, including economic and technical arguments, capital, planning, bids, unit prices, building permits, and so on.

Based on the activities of the localities, Doan Quang Huy, the director of the Vinh Phu Building Service, expressed his views and discussed some of Vinh Phu's successful experiences in managing capital construction in the province. (We will present Vinh Phu's experiences in the next issue.) Eighteen papers were presented, 16 of which were presented by the directors and deputy directors of building services. These discussed the confusion

that has arisen, which the local building sector has not been able to control. As a result of this confusion, the building projects have not manifested results, and no one has taken responsibility. The result is that the capital and materials of the state and collectives have been wasted. Today, the localities have just begun to manage the capital that the localities have invested in construction. Little of the capital that the central echelon has provided for construction in the provinces and little of the existing capital of the units that invest in construction (these are very important sources of capital) have been managed. As a result, investors and builders have used this loophole and conspired together to siphon off much money. Even though there is no concrete evidence, everyone was in agreement about this and pointed out a number of such negative phenomena. There have been cases in which party B has given party A a commission of 5-10 percent, or even 15 percent, of the value of the construction project for signing a contract. In some places, when B has signed the contract, they have not constructed the project but made a recommendation for another B in order to obtain a commission (sell a contract).

Because of the laxity in capital construction management, construction planning is not synchronized or practical. This has generated confusion in planning and construction. Legitimate designers lack work or are unemployed, but there are large numbers of amateur designers, draftsmen, and planning chiefs. As a result, the appearance of the cities is declining. Because of the poor designs, parts of some projects and even entire projects have collapsed. As a result, money has been lost and people have even been killed. Representatives from Vinh Phu, Bac Thai, and Son La said that from strengthening state management in the capital construction sphere, these localities recently delivered hundreds of millions of dong to the budget, and results have begun to be achieved in re-establishing order in the construction field.

**Many management sectors seem to be "playing their own tune." Don't the building services have state management functions?**

About two-thirds of the 16 papers presented stressed that in the localities today, state management with respect to capital construction lacks unity. A number of localities and building sectors draw up plans and manage the results, but the allocation of building sites is handled by the land management sector. This has given rise to a state of affairs in which each one "plays his own tune." As a result, construction has not developed in an orderly manner, and the designs have been ruined. On the other hand, loose management of the plans has led to people freely occupying construction sites and illegally erecting houses. When order is re-established, many houses have to be demolished, and some of these are two or three story buildings. This causes much waste. In many localities, the implementation of the investment policies and the use of economic and technical dialectics has, after years of state subsidies, followed a pre-existing model and large scale. This is no longer appropriate, but new

plans have not been formulated. The industrial and civilian use construction projects have been turned over to the building services. The communications construction projects have been turned over to the communications and transportation services. The water conservancy construction projects have been turned over to the water conservancy services. In many localities, the task of checking the economic and technical dialectics of the construction projects has been turned over to the planning agencies.

The state management functions at the local building services have not been stipulated clearly, and as a result, management has not been very effective. Many representatives said that those who actually controlled the money were the ones who made the decisions. This will lead to negative aspects. This money, which belongs to the state and collectives, is not being managed closely. It has been used in ways that line the pockets of certain individuals and degraded and deviant cadres. The state can't solve the problem of settling accounts when the "tail" is so tangled. This is a loophole in management. Huu Tho, the deputy editor in chief of NHAN DAN, asked: "Why haven't the state building forces calculated enough capital depreciation, and why haven't they supported the workers as well as those outside the state sector, "avoiding the lawful taxes" (failing to pay sufficient amounts for state revenues) and usually "losing" during the bidding? Why have they failed to play their guiding role? Concerning these questions, many representatives admitted that the management of the state building forces is weak. At the same time, they mentioned both objective and subjective reasons for these weaknesses: The effects of the state subsidies management system remain for many laborers but they have not been calculated. The state sector must contribute 17 percent of its income for social insurance, and many other settlement "tails" must be calculated. This has placed the state sector at a disadvantage in the competition among the various economic elements.

Organizing bids and managing the registration of professions are very important problems. Because of having a concept of this problem, some localities such as Vinh Phu, Bac Thai, Hai Hung, and Ha Tuyen have collected tens of millions of dong in taxes for the budget and enabled the construction bidding to achieve real economic results. However, a number of localities have not given proper attention to this and have continued to allow bids to be "sold."

The representatives all said that the main themes of local capital construction management are project management, plans, investment policies, design management, construction management, and the quality of the construction projects. In doing these things, no one can replace the building services. But to do these things, the quality control system must be solidified from the central to the primary levels. This system must be strengthened in terms of cadres and equipment and have powers within its operating process. The results achieved in investing in the construction of projects must be tied to

the responsibilities of those assigned tasks, from making investment preparations to putting the project into use.

**Participation of the party committee echelons and authorities in leading and guiding things:**

If the building sector is to carry out its state management functions with respect to capital construction in the present situation, things must be closely coordinated with the functional sectors (the planning and finance sectors and the banks). At the same time, the local party committee echelons and authorities must provide leadership and guidance. Based on their operating practices, the leaders of the building services in Vinh Phu, Nghe Tinh, Bac Thai, and Son La stressed this problem and said that this was the decisive factor for success.

The director of the Son La Building Service said that Son La has submitted a proposal to the provincial people's committee. That is, it has proposed that all of the central echelon's capital invested in construction in the locality be centralized and managed by the locality. Many people showed interest in this idea. This would make it easier for the provinces to manage the investment capital coming from sources outside the local budget. The directors of the Vinh Phu, Bac Thai, and Nghe Tinh building services said that the standing committees of the provincial people's committees have used the directives and resolutions of the Council of Ministers and Ministry of Building to promulgate directives and circulars to provide prompt and specific guidance. Thanks to this, the management of the building services has been effective, and there has been little reaction by the sectors concerned. In those places where the local party committee echelons and authorities have shown real concern and provided active support, state management in the capital construction sphere has been more effective.

**Four major problems:**

Besides the problems on which most of the representatives expressed agreement, there are also a number of major problems that must be solved as soon as possible:

First, there is the matter of construction unit prices. In order to have a basis for managing the capital in examining construction investments and following the settlement of accounts between A and B, construction unit prices must be unified. The integrated unit prices previously promulgated by the Ministry of Building are now outdated. Among these units prices, the settlement "tail" is too twisted. Thus, there must be more simple and flexible construction unit prices in order to make things fair for the economic elements, make it possible for the state construction units to compete successfully, and enable the inspections to be more effective.

Second, almost all of the provinces and cities inspected the construction projects during the period of state subsidies. Because the economic and social situation has changed, these project plans are now outdated, especially city projects and specific projects in the northern mountainous districts. Today, in implementing the plans, the

unit prices are too high at a time when the capital of the localities is limited. Thus, suitable attention must be given to this sphere. Only if this is done will it be possible to manage the project plans and restore order in construction.

Third, with respect to managing the economic elements participating in construction, there were many who disagreed with the unequal treatment among the economic elements. The bidding mechanism in construction must be perfected. A law must be passed to organize the bidding in order to make things fair for the economic elements. So-called "agreed prices" must not be allowed to exist in construction bidding.

Forth, on the problem of town management, dozens of people said that town management is becoming an urgent problem. Today's economic and social development situation has turned town development in a new direction. The situation in which construction investments are not synchronized, attention is given only to the main projects, and investments in the infrastructure are ignored must be overcome as quickly as possible, and the necessity of having a specialized organization to manage the towns must be mentioned.

In order to carry out all of the tasks of local capital construction management well, Nguyen Xuong Ky, the director of the Lang Son Building Service, mentioned a burning problem about which almost all of the representatives were in agreement. That is the matter of proposing that the state and the Ministry of Building soon promulgate unified stipulations on capital construction management. These documents, which must have the nature of law or be under the law, must be very specific, and their implementation must be controlled. The management problems must be very clear. The localities cannot be allowed to have their own individual management styles as at present. With respect to state management, the directors of the Lang Son, Vinh Phu, and Minh Hai building services must all carry out things the same way.

At the conclusion of the conference, Khuc Van Thanh recorded all of the above ideas and promised to study and gradually perfect the documents and guide the localities in implementing capital construction management to enable this work to bring practical economic and social results. Above all, the confusion in project and town management must gradually be reduced and finally ended. Just as in other sectors, capital construction is part of a competitive and planned multi-faceted commodity production. Because of this, a suitable path must be found in order to affirm the guiding role of state construction, primarily through bids. In order to reduce negative phenomena in capital construction, which, according to the representatives, now accounts for approximately 30 percent of investment capital, the building sector has promoted and continues to promote the promulgation of rules and the creation of models in determining the real owners of the capital.

**BIOGRAPHIC****Information on Vietnamese Personalities**

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[Editorial Report] The following information on Vietnamese personalities has been extracted from Vietnamese language sources published in Hanoi, unless otherwise indicated. Asterisk indicates that this is the first known press reference to this individual functioning in this capacity.

**Dang Vu Chu [DAWNGJ VUX CHUW]**

\*Minister of light industry; recently he was appointed to this position by a decision of the Council of State. (Ho Chi Minh City SAIGON GIAI PHONG 24 Feb 90 p 1)

**Tu Cuong [TUW CUWOWNGF] \*Major General**

\*Commander of the Special Operations Branch; he was pictured at a gathering of special operations unit members. (NHAN DAN 22 Dec 89 p 3)

**Vu Dinh Dien [VUX DINHF ZIEEN], \*Colonel**

Deputy commander of the 3d MR (Quang Ninh, Hai Phong, Thai Binh, Ha Nam Ninh, Ha Son Binh, Hai Hung Provinces); his article "The 3d MR Builds the Reserve Forces and the Militia in the New Situation" was published in the cited source. (TAP CHI CONG SAN Nov 89 pp 58-62)

**Lu Giang [LUU GIANG], Lieutenant General**

\*Vice chairman of the Provisional Executive Committee of the Hanoi Veterans Association; on 15 Mar 90 he attended a meeting to discuss plans to organize regional veterans associations. (HANOI MOI 17 Mar 90 p 1)

**Kpa Giau [KPA GIAO] Colonel, deceased**

Member of the CPV; former deputy commander of the Gia Lai-Cong Tum Military Command; born in 1920 in Nhon Hoa Village, Chu-a Xe District, Gia Lai-Cong Tum Province, he died on 1 Feb 90. (QUAN DOI NHAN DAN 10 Feb 90 p 4)

**Nguyen Ngoc Giau [NGUYEENX NGOCJ GIAO]**

\*Deputy director of the CPV Central Committee Overseas Vietnamese Department; on 19 Jan 90 he welcomed a group of overseas Vietnamese visiting Vietnam on the occasion of the lunar new year. (NHAN DAN 22 Jan 90 p 1)

**Le Van Hai [LEE VAWN HAI] aka Le Van Thep [LEE VAWN THEPS] Colonel, deceased**

Deputy commander of the Military Command, Ben Tre Province; member of the CPV; born on 23 Mar 1940 in Thanh Phu Village, Thanh Phu District, Ben Tre Province, he died on 21 Nov 89. (QUAN DOI NHAN DAN 8 Dec 89 p 4)

**Song Hao [SONG HAOF], Lieutenant General**

\*Chairman of the Executive Committee of the recently founded Vietnam Veterans Association; he was mentioned in an article on the founding of the association. (NHAN DAN 6 Mar 90 p 1)

**Tran Hieu [TRAANF HIEEUS]**

Vice minister of labor, war invalids and social welfare; \*chairman of "S.O.S.-Vietnam Children" group; on 25 Jan 90 he was present at the founding ceremony of "S.O.S.-Hanoi Children" village. (NHAN DAN 29 Jan 90 p 1)

**Nguyen Hoa [NGUYEENX HOAF]**

\*Vice chairman of the Economics, Planning and Budget Committee of the National Assembly; \*chairman of the Economics, Planning and Budget Committee of the National Assembly; by decision of the State Council on 10 Jan 90 he was promoted to the latter position. (NHAN DAN 12 Jan 90 p 1)

**Huynh Dac Huong [HUYNHF DAWCS HUWOWNG], Major General**

\*Secretary general of the newly founded Vietnam Veterans Association; an article about the association was published in the cited source. (NHAN DAN 6 Mar 90 p 1)

**Doan Khue [DOANF KHUEE], \*Senior General**

Vice minister of national defense; chief of staff of the VPA; he was promoted to the rank of Senior General by decision of the State Council on 10 Jan 90. (NHAN DAN 12 Jan 90 p 1)

**Ha Dinh Khiem [HAF DINHF KHIEEM]**

\*Chairman of the Hoang Lien Son Mass Proselytizing Committee; recently he met with cadres to discuss mass proselytizing work in his province. (NHAN DAN 7 Mar 90 p 3)

**Ha Lat [HAF LATS]**

Vice chairman of the Hoang Lien Son People's Committee; recently he was present at meetings to discuss mass proselytizing work in his province. (NHAN DAN 7 Mar 90 p 3)

**Pham Thach Lam [PHAMJ THACHJ LAAM]**

\*Vice chairman of the Provisional Executive Committee of the Hanoi Veterans Association; on 15 Mar 90 he attended a meeting to discuss plans to organize regional veterans associations. (HANOI MOI 17 Mar 90 p 1)

**Nong Duc Manh [NOONG DUWCS MANHJ]**

\*Chairman of the Nationalities Department of the CPV Central Committee; \*vice chairman of the National Assembly Nationalities Council; recently he met with a

number of cadres to discuss socioeconomic work in the mountain regions. (NHAN DAN 7 Mar 90 p 1)

**Nong Quoc Manh [NOONG QUOOCS MANHJ]**

Member of the CPV Central Committee; \*head of the CPV Central Committee Department of Nationalities; on 21 Mar 90 he was present at a meeting to commemorate the 35th founding anniversary of the LPRP [Lao People's Revolutionary Party] in Hanoi. (NHAN DAN 22 Mar 90 p 1)

**Nguyen Thi Minh [NGUYEENX THIJ MINH]**

Alternate member of the CPV Central Committee; \*chairman of the People's Committee, Tay Ninh Province; recently she welcomed Council of State Chairman Vo Chi Cong who came to visit her province. (NHAN DAN 29 Jan 90 p 1)

**Mai Nang [MAI NAWNG] \*Colonel**

\*Deputy commander of the Special Operations Branch; he was pictured at a gathering of special operations unit members. (NHAN DAN 22 Dec 89 p 3)

**Do Van Ninh [DOOX VAWN NINH] \*Colonel**

A \*deputy commander of the Special Operations Branch; he was pictured at a gathering of special operations unit members. (NHAN DAN 22 Dec 89 p 3)

**Nguyen Quyet [NGUYEENX QUYETS], \*Senior General**

Head of the VPA Political General Department; on 10 Jan 90 he was promoted to the rank of senior general by decision of the State Council. (NHAN DAN 12 Jan 90 p 1)

**Nguyen Duc Tam [NGUYEENX DUWCS TAAM]**

Member of the CPV Politburo; member of the CPV Secretariat; on 30 Jan 90 he attended a conference on renovation and the party. (NHAN DAN 31 Jan 90 p 1)

**Trinh Van Lau [TRINHJ VAWN LAU]**

Member of the CPV Central Committee; CPV secretary of Tay Ninh Province; recently he welcomed Chairman of the State Council Vo Chi Cong who came to visit the province. (NHAN DAN 29 Jan 90 p 1)

**Phan Thanh Liem [PHAMJ THANH LIEEM]**

By a recent decision of the State Council, he was relieved of his position as minister of engineering and metals. (Ho Chi Minh City SAIGON GIAI PHONG 24 Feb 90 p 1)

**Tran Lum [TRAANF LUM]**

\*Minister of engineering and metals; he was appointed to this position by a recent decision of the State Council. (Ho Chi Minh City SAIGON GIAI PHONG 24 Feb 90 p 1)

**Nguyen Trung Tin [NGUYEENX TRUNG TINS]**

\*Secretary of the CPV Committee, Binh Dinh Province; recently he welcomed CPV Central Committee Advisor Pham Van Dong who came to visit the province. (NHAN DAN 23 Jan 90 p 1)

**Do Quang Thang [DOOX QUANG THAWNGS]**

\*Secretary of the CPV Committee, Quang Ngai Province; recently he welcomed CPV Central Committee Advisor Pham Van Dong who came to visit the province. (NHAN DAN 23 Jan 90 p 1)

**Vu Tuan [VUX TUAAN]**

By decision of the State Council, he recently retired and was relieved of his position as minister of light industry. (Ho Chi Minh City SAIGON GIAI PHONG 24 Feb 90 p 1)

**Do Quang Trung [DOOX QUANG TRUNG]**

Chairman of the People's Committee, Quang Ninh Province; he was mentioned in an article on his province, published in the cited source. (NHAN DAN 2 Feb 90 p 1)

**Ha Ke Tan [HAF KEES TAANS]**

Former commander of the Capital MR; \*chairman of the Provisional Executive Committee of the Hanoi Veterans Association; on 15 Mar 90 he attended a meeting to discuss work plans to organize regional veterans associations. (HANOI MOI 17 Mar 90 p 1)